

AGM Report 2022

Pingelly Brookton

Community Financial Services Limited:

We opened a bank
to grow a community

 Bendigo Bank



2002 Inaugural Board Members



Community Bank
Pingelly and Brookton

Celebrating
20 Years of Community Banking

It is my pleasure to present the twentieth Chairman's report for the Pingelly Brookton Community Financial Services Limited.

Firstly, I would like to acknowledge the efforts of our Branch Manager Peter Keoh and the staff for the year. They have had a very challenging year with Covid 19 creating all sorts of problems. Our staff were subject to filling in out of their normal routines just to fill in gaps left by Covid regulations.

During the year we lost Jess Pain as she relocated into Perth now working at the Community Bank Canning Vale branch. She was a much-valued member of our staff, and we wish her all the best for the future. Nicole Johns also left, and we thank her for her contribution also.

We have since had them replaced by Sarah Jane Insch and Morgan Des Forges and they have both fitted in very well. They all took on the challenge and we the board appreciate their effort. To Peter for managing the situation and still coming through ahead of budget.

Thank you also to the board for their dedication towards our goals. Meetings had to at times be changed to get a quorum due to the smaller board numbers. The resignation of our Chair, Evan Hodges did not help the cause.

We all extend our gratitude to Evan Hodges as he has been the Chair since inception. During the year we did manage to recruit a new board member in Jaz Locke which has been a great help.

The board declared a Fully Franked Dividend of five cents for the year ending 2022.

Finally, I would like to express our gratitude to our shareholders and clients for supporting our bank.

We look forward to passing the one million dollar mark in dividends and sponsorships to our community in the near future. Your support will make that figure grow

Thank you all.

Greg Carter

Acting Chairman

Managers Report

Pingelly Brookton Community Financial Services Limited:

The 2021 / 2022 financial year is now over and it has again been a positive year for our combined Community Bank branches. Results achieved are as follows:

Our combined branch footings which include other business held, have grown from \$138.647 million as at 30/6/2021 to \$155.560 million as at 30/6 /2022. This was against a budgeted figure of \$151.598 million.

A breakdown of these results shows:

- Deposits have increased from \$84.849 million to \$91.903 million.
- Loans have increased from \$27.273 million to \$28.121 million.
- Other business has increased from \$26.524 million to \$35.688 million.

We have budgeted to increase our combined loan / deposit book. It will be challenging to achieve over the 12-month period, but we have identified several opportunities which should enable us to achieve this.

During the financial year, our combined Community Bank branches contributed a further \$26,151 in sponsorships back into our local communities. This brings our total sponsorships to \$497,464 and dividends paid to \$434,558 making a grand total of \$932,022 over the past twenty years. However, we need your help to enable us to continue to do this. We seek your referrals and introductions to business acquaintances and the community groups in which you are involved with. Every new customer and new account allow us to keep contributing more back into our local community.

Special thanks go to staff members Shondelle Beard, Meagan Morrison, Lisa Pitman, Sharon Murphy, Chloe Drage, Sarah Inch and Morgan Des Forges who are the real driving force of our branches and constantly go above and beyond in ensuring our customers financial needs, requirements and well-being are met. As well as the members of the Board who have supported the branch's efforts throughout the year.

With an ever-increasing platform of diverse and highly competitive products and services that we can provide to our customers we are no longer just a Community Bank branch but a viable alternative to the competition. Our difference is the personalized face to face service we provide our customers and the ability to support community projects and initiatives.

We again urge our shareholders, customers, and the local community to continue to support our unique Community Bank as doing so will only increase the strength of the Community Bank Pingelly Brookton and enable both the branches and the Board to continue to support our local communities.

Peter Keoh
Branch Manager
(6th October 2022)

Financial Report 2022

**Pingelly Brookton Community Financial Services Limited:
2021 to 2022**



Pingelly Brookton Community Financial Services Ltd

ABN:69 098 525 252

Financial Report for the year ended 30 June 2022

www.rsdaudit.com.au

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Pingelly Brookton Community Financial Services Ltd

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Pingelly Brookton Community Financial Services Ltd

Directors' Report
For the year ended 30 June 2022

The Directors present their report, together with the financial statements, on Pingelly Brookton Community Financial Services Ltd for the financial year ended 30 June 2022.

Board of Directors

The following persons were Directors of Pingelly Brookton Community Financial Services Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Evan Hodges - Resigned 10 March 2022

Title: Chairperson
Qualifications:
Experience & Expertise: Has been a director for the past 18 years

Gregory Carter

Title: Acting Chairperson
Qualifications:
Experience & Expertise: Has been a director for the past 13 years. Background in Local Government working in Senior Management positions for 24 years. Then small business owner operator for 10 years. Currently working with large fuel company scheduling deliveries.

Leslie Eyre

Title: Vice Chairperson
Qualifications:
Experience & Expertise: Has been a director for the past 18 years

Colin Mills

Title: Secretary
Qualifications:
Experience & Expertise: Has been a director for the past 18 years. Has been in farming for 54 years, working in Local Government for 16 years (9 years in senior positions) and also involved in many sporting and service positions.

Bruce Sewall

Title: Treasurer
Qualifications: B.Bus CPA
Experience & Expertise: Has been a director for the past 11 years. Certified Practising Accountant/ Registered Tax Agent and has been involved in public practice since 1995. He also manages and runs his family farm and has served on various boards and committees over the past 25 years.

Victor Lee

Title: Director
Qualifications:
Experience & Expertise: Has been a director for the past 18 years.

Leo Staal

Title: Director
Qualifications:
Experience & Expertise: Has been a director for the past 4 years and is currently the manager of the Pingelly Community Resource centre Inc and also part time business admin contractor. Lee is currently the chairperson of Linkwest (peak body for Neighbourhood and Community Resource Centres) and a board member of the WA Mental Health Commission Advisory Board. Lee has resided in Pingelly for over 30 years, enjoys volunteering to assist community, including 9 years as a shire councillor.

Pingelly Brookton Community Financial Services Ltd

Directors' Report
For the year ended 30 June 2022

Dannielle Keatley

Title: Director

Qualifications:

Experience & Expertise:

Runs a livestock and wool agency in Brookton along with family owned business. Dannielle has been involved in many groups within Brookton, being Playgroup and Arts and Crafts, but currently with St Johns Ambulance and Bendigo Bank. Dannielle hopes to become more involved with the social media side of the Branches 'day-to-day' runnings as being the youngest board memeber, she feels a stronger presence on social media is becoming more and more important.

Jasmin Locke - Appointed 7 April 2022

Title: Director

Qualifications:

Experience & Expertise: Local Business Proprietor and involved with many sporting & Community groups.

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

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

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	A	B
Evan Hodges- Resigned 10 March 2022	7	5
Leslie Eyre	10	9
Colin Mills	10	9
Bruce Sewell	10	6
Victor Lee	10	5
Gregory Carter	10	10
Lee Steel	10	8
Dannielle Keatley	10	4
Jasmin Locke- Appointed 7 April 2022	2	2

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Colin Mills

Title: Secretary

Qualifications:

Experience & Expertise: Has been a director for the past 18 years. Has been in farming for 54 years, working in Local Government for 16 years (9 years in senior positions) and also involved in many sporting and service positions.

Pingelly Brookton Community Financial Services Ltd

Directors' Report
For the year ended 30 June 2022

Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

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

	30 June 2022 (\$)	30 June 2021 (\$)	Movement
Profit After Tax	51,004	49,982	2%

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.

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2021	Changes During the Year	Balance at 30 June 2022
Evan Hodges- Resigned 10 March 2022	10,000	-	10,000
Leslie Eyre	13,000	-	13,000
Colin Mills	5,500	-	5,500
Bruce Sewell	10,550	-	10,550
Victor Lee	5,000	-	5,000
Gregory Carter	4,200	-	4,200
Lee Steel	5,500	-	5,500
Dannielle Keatley	3,000	-	3,000
Jasmin Locke- Appointed 7 April 2022	-	-	-

Dividends

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

	Cents per Share	Total Amount (\$)
Final fully franked dividend	5.00	28,971
Total Amount	5.00	28,971

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Pingelly Brookton Community Financial Services Ltd

Directors' Report

For the year ended 30 June 2022

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

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

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

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

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

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*.

Pingelly Brookton Community Financial Services Ltd

Directors' Report
For the year ended 30 June 2022

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 28 to the accounts.


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

- all non audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing 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 on page 6 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Pingelly.



Gregory Carter
Chairperson

Dated this 6th day of October, 2022



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Bendigo, Victoria
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Pingelly Brookton Community Financial Services Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pingelly Brookton Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to read 'P. P. Delahunty', with a stylized flourish at the end.

P. P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 10 October 2022

Pingelly Brookton Community Financial Services Ltd

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Revenue from contracts with customers	7	731,022	687,284
Other revenue	8	31,694	84,034
Finance income	9	1,191	4,208
		763,907	775,526
Expenses			
Employee benefits expense	10	(446,855)	(471,248)
Depreciation and amortisation	10	(44,745)	(48,553)
Finance costs	10	(1,706)	(1,991)
Bad and doubtful debts expense		(27)	(69)
Administration and general costs		(38,994)	(45,232)
Occupancy expenses		(33,349)	(22,323)
IT Expenses		(30,248)	(32,088)
Professional charges		(45,912)	(43,250)
Other expenses		(27,915)	(28,161)
		(669,751)	(692,915)
Operating profit before charitable donations and sponsorship		94,156	82,611
Charitable donations and sponsorship	10	(26,151)	(36,099)
Profit before income tax		68,005	46,512
Income tax (expense)/benefit	11	(17,001)	3,470
Profit for the year after income tax		51,004	49,982
Total comprehensive income attributable to ordinary shareholders of the company		51,004	49,982
Earnings per share			
- basic and diluted earnings per share	30	8.80	8.63

The accompanying notes form part of these financial statements

Pingelly Brookton Community Financial Services Ltd

Statement of Financial Position
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	12	114,566	71,048
Trade and other receivables	13	76,732	44,920
Financial assets	14	350,000	350,000
Current tax asset	18	-	20,572
Total current assets		541,298	486,540
Non-current assets			
Property, plant and equipment	15	411,572	432,266
Right-of-use assets	16	55,040	66,047
Intangible assets	17	-	10,763
Deferred tax assets	18	15,949	17,371
Total non-current assets		482,561	526,447
Total assets		1,023,859	1,012,987
Liabilities			
Current liabilities			
Trade and other payables	19	49,403	49,224
Current tax liability	18	15,868	-
Borrowings	20	83	453
Lease liabilities	21	10,840	10,552
Employee benefits	22	39,299	57,057
Total current liabilities		115,493	117,286
Non-current liabilities			
Lease liabilities	21	46,397	57,237
Employee benefits	22	5,996	4,524
Total non-current liabilities		52,393	61,761
Total liabilities		167,886	179,047
Net assets		855,973	833,940
Equity			
Issued capital	23	579,410	579,410
Retained earnings	24	276,563	254,530
Total equity		855,973	833,940

The accompanying notes form part of these financial statements

Pingelly Brookton Community Financial Services Ltd

Statement of Changes in Equity
For the year ended 30 June 2022

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2020		579,410	233,519	812,929
Comprehensive income for the year				
Profit for the year		-	49,982	49,982
Transactions with owners in their capacity as owners				
Dividends paid or provided	29	-	(28,971)	(28,971)
Balance at 30 June 2021		579,410	254,530	833,940
Balance at 1 July 2021		579,410	254,530	833,940
Comprehensive income for the year				
Profit for the year		-	51,004	51,004
Transactions with owners in their capacity as owners				
Dividends paid or provided	29	-	(28,971)	(28,971)
Balance at 30 June 2022		579,410	276,563	855,973

The accompanying notes form part of these financial statements

Pingelly Brookton Community Financial Services Ltd

Statement of Cash Flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		730,904	791,860
Payments to suppliers and employees		(667,263)	(662,767)
Interest received		1,191	4,208
Income tax paid		20,862	(64,649)
Net cash flows provided by operating activities	25b	85,694	68,652
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,284)	(1,112)
Purchase of investments		-	(99,085)
Purchase of intangible assets		-	(11,192)
Net cash flows used in investing activities		(2,284)	(111,389)
Cash flows from financing activities			
Proceeds from borrowings		-	137
Repayment of borrowings		(369)	-
Repayment of lease liabilities		(10,552)	(10,273)
Dividends paid		(28,971)	(28,971)
Net cash flows used in financing activities		(39,892)	(39,107)
Net increase/(decrease) in cash held		43,518	(81,844)
Cash and cash equivalents at beginning of financial year		71,048	152,892
Cash and cash equivalents at end of financial year	25a	114,566	71,048

The accompanying notes form part of these financial statements

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 1. Corporate Information

These financial statements and notes represent those of Pingelly Brookton Community Financial Services Ltd (the Company) as an individual entity. Pingelly Brookton Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 6th October 2022.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.


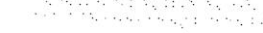
The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branches:

Pingelly Community Bank 
Brookton 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.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- 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.

(b) Revenue From Contracts With Customers

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

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

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

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

$$\begin{array}{r} \text{Interest paid by customers on loans, less interest paid to customers on deposits} \\ \text{plus} \\ \text{Deposit returns (i.e. interest return applied by BABL on deposits)} \\ \text{minus} \\ \text{Any costs of funds (i.e. interest applied by BABL to fund a loan)} \end{array}$$

The company is entitled to a share of the margin earned by Bendigo and Adelaide 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 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.

Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

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

Revenue	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary Financial Contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

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

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

Cash Flow Boost

During the financial year, 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 businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is 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 when the cash flow of the company improves.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income Tax

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

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.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

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

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

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

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

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Buildings	Straight line	40 years
Leasehold improvements	Straight line	5 years
Motor vehicles	Straight line	4 years
Furniture & Fittings	Straight line	5 years

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

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset Class	Method	Useful Life
Franchise fee	Straight line	Franchise term (5 years)

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

(i) Financial Instruments

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

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

(j) Impairment

Non-financial Assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

(k) Issued Capital

Ordinary Shares

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

(l) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

As Lessee

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Short-term Leases & Leases of Low-value Assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As Lessor

The company has not been a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2021 that are expected to have a significant impact on the company's financial statements.

(n) Comparative Figures

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

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 21 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none">• the amount• the lease term• economic environment• any other relevant factors

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 18 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 15 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 22 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not utilise any derivative instruments.

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

(a) Credit Risk

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

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

(b) 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.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2022		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	57,237	10,840	34,320	12,077

(c) 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. There is no exposure to the company in regard to commodity price risk.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 5. Financial Risk Management (*continued*)

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide 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 \$114,566 at 30 June 2022 (2021: \$71,048). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. Capital Management

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

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

The distribution limit is the greater of:

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2022 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.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2022	2021
	\$	\$
Revenue		
- Revenue from contracts with customers	731,022	687,284
	731,022	687,284
Disaggregation of Revenue From Contracts With Customers		
- Margin income	519,838	498,385
- Fee income	51,589	53,158
- Commission income	159,595	135,741
	731,022	687,284

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2022	2021
	\$	\$
Other Revenue		
- Market development fund income	11,250	22,500
- Cash flow boost	-	25,694
- Other	20,444	35,840
	31,694	84,034

Note 9. Finance Income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2022	2021
	\$	\$
Finance Income		
At amortised cost:		
- Interest from term deposits	1,191	4,208
	1,191	4,208

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2022	2021
	\$	\$
Employee Benefits Expense		
- Wages & salaries	394,685	404,619
- Superannuation costs	46,636	47,403
- Other expenses related to employees	5,534	19,226
	446,855	471,248

(b) Depreciation & Amortisation Expense

	2022	2021
	\$	\$
Depreciation of Non-current Assets		
- Buildings	10,332	10,332
- Leasehold improvements	58	778
- Furniture and fittings	5,597	5,925
- Motor vehicles	6,988	9,318
	22,975	26,353
Depreciation of Right-of-use Assets		
- Leased buildings	11,008	11,008
	11,008	11,008
Amortisation of Intangible Assets		
- Franchise fees	10,762	11,192
	10,762	11,192
Total depreciation & amortisation expense	44,745	48,553

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	2022	2021
	\$	\$
Finance Costs		
- Interest paid	1,706	1,991
	1,706	1,991

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

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 10. Expenses (continued)

(d) Community Investments & Sponsorship

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

	2022	2021
	\$	\$
Community Investments & Sponsorship		
- Direct sponsorship and grant payments	26,151	36,099
	26,151	36,099

Note 11. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2022	2021
	\$	\$
Current tax expense	15,579	8,834
Deferred tax expense	1,422	(812)
Over provision of prior years	-	(11,492)
	17,001	(3,470)

(b) Prima Facie Tax Payable

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

	2022	2021
	\$	\$
Prima facie tax on profit before income tax at 25% (2021: 26%)	17,001	12,093
Add Tax Effect Of:		
- Cashflow boost	-	(4,766)
- Over provision of prior years	-	(11,492)
- Temporary differences	(1,422)	1,507
- Change in tax rates	638	695
- Movement in deferred tax	784	(1,507)
Income tax attributable to the entity	17,001	(3,470)
The applicable weighted average effective tax rate is:	25.00%	-7.46%

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 12. Cash & Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	114,566	71,048
	114,566	71,048

Cash and cash equivalents include cash on hand and at bank.

Note 13. Trade & Other Receivables

	2022	2021
	\$	\$
Current		
Trade receivables	76,732	44,920
	76,732	44,920

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 14. Financial Assets

	2022	2021
	\$	\$
At Amortised Cost		
Term deposits	350,000	350,000
	350,000	350,000

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 15. Property, Plant & Equipment

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost	Accumulated Depreciation	Written Down Value	At Cost	Accumulated Depreciation	Written Down Value
Buildings	413,249	(132,289)	280,960	413,249	(121,957)	291,292
Leasehold improvements	267,587	(267,587)	-	267,587	(267,528)	59
Land	103,385	-	103,385	103,385	-	103,385
Furniture & fittings	88,628	(82,372)	6,256	86,346	(76,775)	9,571
Motor vehicles	37,817	(16,846)	20,971	37,817	(9,858)	27,959
	910,666	(499,094)	411,572	908,384	(476,118)	432,266

(b) Movements in Carrying Amounts

2022	Buildings \$	Leasehold Imp. \$	Land \$	Furniture & Fittings \$	Motor Vehicles \$
Opening carrying value	291,292	59	103,385	9,571	27,959
Additions	-	-	-	2,282	-
Depreciation expense	(10,332)	(59)	-	(5,597)	(6,988)
Closing carrying value	280,960	-	103,385	6,256	20,971

2021	Buildings \$	Leasehold Imp. \$	Land \$	Furniture & Fittings \$	Motor Vehicles \$
Opening carrying value	301,624	837	103,385	14,384	37,277
Additions	-	-	-	1,112	-
Depreciation expense	(10,332)	(778)	-	(5,925)	(9,318)
Closing carrying value	291,292	59	103,385	9,571	27,959

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

(d) 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.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 16. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings.

Options to Extend or Terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	88,063	88,063
Depreciation	(33,023)	(33,023)
	55,040	55,040

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Opening carrying value	66,047	66,047
Depreciation expense	(11,007)	(11,007)
Net carrying amount	55,040	55,040

AASB 16 Amounts Recognised in the Statement of Financial Position

	2022 \$	2021 \$
Depreciation expense related to right-of-use assets	11,007	11,008
Interest expense on lease liabilities	1,695	1,974

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 17. Intangible Assets

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	55,961	(55,961)	-	55,961	(45,198)	10,763
	55,961	(55,961)	-	55,961	(45,198)	10,763

(b) Movements in Carrying Amounts

2022	Franchise Fees \$
Opening carrying value	10,763
Amortisation expense	(10,763)
Closing carrying value	-

2021	Franchise Fees \$
Opening carrying value	21,955
Amortisation expense	(11,192)
Closing carrying value	10,763

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 18. Tax Assets & Liabilities

(a) Current Tax

	2022	2021
	\$	\$
Income tax payable/(refundable)	15,868	(20,572)

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021	Recognised in P & L	30 June 2022
	\$	\$	\$
Deferred Tax Assets			
- Expense accruals	1,540	2,535	4,075
- Employee provisions	15,395	(4,071)	11,324
Total deferred tax assets	16,935	(1,536)	15,399
Deferred Tax Liabilities			
- Right-of-use assets	436	114	550
Total deferred tax liabilities	436	114	550
Net deferred tax assets	17,371	(1,422)	15,949

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020	Recognised in P & L	30 June 2021
	\$	\$	\$
Deferred Tax Assets			
- Expense accruals	1,502	38	1,540
- Employee provisions	14,804	591	15,395
Total deferred tax assets	16,306	629	16,935
Deferred Tax Liabilities			
- Right-of-use assets	252	184	436
Total deferred tax liabilities	252	184	436
Net deferred tax assets	16,558	813	17,371

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 19. Trade & Other Payables

	2022	2021
	\$	\$
Current		
Trade creditors	43,133	43,064
Other creditors and accruals	6,270	6,160
	49,403	49,224

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 20. Borrowings

	2022	2021
	\$	\$
Current		
Secured Liabilities		
Bank loan	83	453
	83	453

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 4.66%. This loan has been created to fund the purchase of land and buildings and is secured by 6 Marsh Street, Brookton.

Note 21. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 2.69%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 21. Lease Liabilities (continued)

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Brookton Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in June 2002. The lease has been extended 4 times, with the latest extension ending 2027

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.

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022	2021
	\$	\$
Current	10,840	10,552
Non-current	46,397	57,237

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
30 June 2022					
Lease payments	12,247	12,247	24,494	12,253	61,241
Finance charges	(1,407)	(1,115)	(1,306)	(176)	(4,004)
Net present values	10,840	11,132	23,188	12,077	57,237
30 June 2021					
Lease payments	12,252	12,252	24,504	24,480	73,488
Finance charges	(1,695)	(1,407)	(1,924)	(673)	(5,699)
Net present values	10,557	10,845	22,580	23,807	67,789

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 22. Employee Benefits

	2022	2021
	\$	\$
Current		
Provision for annual leave	21,215	22,249
Provision for long service leave	18,084	34,808
	39,299	57,057
Non-Current		
Provision for long service leave	5,996	4,524
	5,996	4,524

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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.

Note 23. Issued Capital

(a) Issued Capital

	2022		2021	
	Number	\$	Number	\$
Ordinary shares - fully paid	579,410	579,410	579,410	579,410
	579,410	579,410	579,410	579,410

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2022	2021
	\$	\$
Fully paid ordinary shares:		
At the beginning of the reporting period	579,410	579,410
At the end of the reporting period	579,410	579,410

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 24. Retained Earnings

	Note	2022 \$	2021 \$
Balance at the beginning of the reporting period		254,530	233,519
Profit for the year after income tax		51,004	49,982
Dividends paid	29	(28,971)	(28,971)
Balance at the end of the reporting period		276,563	254,530

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 25. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	Note	2022 \$	2021 \$
Cash and cash equivalents	12	114,566	71,048
As per the Statement of Cash Flows		114,566	71,048

(b) Reconciliation of cash flow from operations with profit after income tax

	2022 \$	2021 \$
Profit for the year after income tax	51,004	49,982
Non-cash flows in profit		
- Depreciation	33,983	37,361
- Amortisation	10,762	11,192
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(31,812)	20,542
- Decrease in deferred tax asset	1,422	153
- Decrease in trade and other payables	180	13,053
- Increase in current tax asset	36,441	-
- Decrease in current tax liability	-	(68,272)
- Increase / (decrease) in provisions	(16,286)	4,641
Net cash flows from operating activities	85,694	68,652

Note 26. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2022 \$	2021 \$
Financial Assets			
Cash and cash equivalents	12	114,566	71,048
Trade and other receivables	13	76,732	44,920
Term deposits	14	350,000	350,000
		541,298	465,968
Financial Liabilities			
Trade and other payables	19	49,403	49,224
Borrowings	20	83	453
Lease liabilities	21	57,237	67,789
		106,723	117,466

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 27. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Bruce Sewell	Accounting Services	7,200

(e) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 28. Auditor's Remuneration

The appointed auditor of Pingelly Brookton Community Financial Services Ltd for the year ended 30 June 2022 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2022 \$	2021 \$
<i>Audit & Review Services</i>		
Audit and review of financial statements (RSD Audit)	5,650	5,500
	5,650	5,500
<i>Non-Audit Services</i>		
Preparation of the financial statements	1,700	1,700
Other non-audit services	1,150	1,000
	2,850	2,700
Total auditor's remuneration	8,500	8,200

Pingelly Brookton Community Financial Services Ltd

Notes to the Financial Statements
For the year ended 30 June 2022

Note 29. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2022		2021	
	Number	\$	Number	\$
Fully franked dividend	579,410	28,971	579,410	28,971
Dividends provided for and paid during the year	579,410	28,971	579,410	28,971

The tax rate at which dividends have been franked is 25% (2021: 26%).

Note 30. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2022	2021
	\$	\$
Profit attributable to ordinary shareholders	51,004	49,982
	Number	Number
Weighted average number of ordinary shares	579,410	579,410
	\$	\$
Basic and diluted earnings per share	8.80	8.63

Note 31. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Note 32. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 21. Details about any capital commitments are detailed in Note 16(c).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 33. Company Details

The registered office of the company is:

Pingelly Brookton Community Financial Services Ltd
23 Parade St, Pingelly WA

The principal place of business are:

Pingelly Brookton Community Financial Services Ltd
23 Parade St, Pingelly WA

Pingelly Brookton Community Financial Services Ltd

Director's Declaration
For the year ended 30 June 2022

In accordance with a resolution of the directors of Pingelly Brookton Community Financial Services Ltd, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.



Gregory Carter
Chairperson

Dated this 6th day of October, 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PINGELLY BROOKTON COMMUNITY FINANCIAL SERVICES LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Pingelly Brookton Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Pingelly Brookton 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 performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

A handwritten signature in black ink, appearing to read 'P. P. Delahunty', with a large, stylized flourish at the end.

P. P. Delahunty
Partner
Bendigo
Dated: 10 October 2022