

Pinjarra Community Financial Services Limited

ABN 31 097 389 547

Half-year Financial Report - 31 December 2022

Pinjarra Community Financial Services Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2022.

Directors

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

Stephen Donald Lee	Ernest Albert Hiddlestone
Michael Frank Kidd	Laurence Ian Galloway
Donald Francis Repacholi	Shane Robert Rowley
Mervyn Williams	James Matthew Wilkinson (<i>appointed 16 August 2022</i>)
Tiffany Gaye Franklin (<i>appointed 20 September 2022</i>)	Lindsay Gay Stacpoole (<i>resigned 28 July 2022</i>)

Principal activity

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

Review of operations

The profit for the company after providing for income tax amounted to \$323,907 (31 December 2021: \$12,577).

The company has seen a significant increase in its revenue during the period. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 2.25% during the period moving from 0.85% to 3.10% as at 31 December 2022. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Since the end of the half-year, the RBA has increased the cash rate by 0.25% moving from 3.10% at 31 December 2022 to 3.35% as at the date of signing these accounts.

No other matter or circumstance has arisen since 31 December 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.

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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Stephen Donald Lee
Chairman

3 March 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

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

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2022 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- ii. any applicable code of professional conduct in relation to the review.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 3 March 2023

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

Adrian Downing
Lead Auditor

Pinjarra Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Revenue from contracts with customers	3	798,761	395,425
Other revenue		9,199	6,077
Finance revenue		22,239	-
Gain/(losses) on market movement of financial assets		9,170	(11,274)
Total revenue		<u>839,369</u>	<u>390,228</u>
Employee benefits expense		(245,733)	(220,765)
Advertising and marketing costs		(6,732)	(14,667)
Occupancy and associated costs		(13,661)	(15,190)
Systems costs		(12,159)	(14,068)
Depreciation and amortisation expense		(32,295)	(32,656)
Finance costs		(15,967)	(16,144)
General administration expenses		(61,445)	(59,290)
Total expenses		<u>(387,992)</u>	<u>(372,780)</u>
Profit before community contributions and income tax expense		451,377	17,448
Charitable donations and sponsorships expense		(19,873)	(150)
Profit before income tax expense		431,504	17,298
Income tax expense		(107,597)	(4,721)
Profit after income tax expense for the half-year		323,907	12,577
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>323,907</u>	<u>12,577</u>
		Cents	Cents
Basic earnings per share		82.18	3.19
Diluted earnings per share		82.18	3.19

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 31 December 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
Assets			
Current assets			
Cash and cash equivalents		1,046,658	713,129
Trade and other receivables		168,815	94,344
Total current assets		<u>1,215,473</u>	<u>807,473</u>
Non-current assets			
Financial assets	5	122,733	73,567
Investment properties		22,069	26,667
Property, plant and equipment		44,285	51,144
Right-of-use assets		364,492	375,460
Intangibles		51,425	57,990
Deferred tax assets		99,968	99,077
Total non-current assets		<u>704,972</u>	<u>683,905</u>
Total assets		<u>1,920,445</u>	<u>1,491,378</u>
Liabilities			
Current liabilities			
Trade and other payables		127,249	74,676
Borrowings		23,400	23,232
Lease liabilities		19,239	17,714
Current tax liabilities		108,191	11,991
Employee benefits		37,339	29,099
Total current liabilities		<u>315,418</u>	<u>156,712</u>
Non-current liabilities			
Trade and other payables		29,854	44,780
Borrowings		40,521	49,840
Lease liabilities		526,815	537,000
Employee benefits		13,490	9,151
Provisions		8,316	8,121
Total non-current liabilities		<u>618,996</u>	<u>648,892</u>
Total liabilities		<u>934,414</u>	<u>805,604</u>
Net assets		<u>986,031</u>	<u>685,774</u>
Equity			
Issued capital		385,805	385,805
Retained earnings		600,226	299,969
Total equity		<u>986,031</u>	<u>685,774</u>

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 half-year ended 31 December 2022

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021		385,805	255,139	640,944
Profit after income tax expense		-	12,577	12,577
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	12,577	12,577
Balance at 31 December 2021		<u>385,805</u>	<u>267,716</u>	<u>653,521</u>
Balance at 1 July 2022		385,805	299,969	685,774
Profit after income tax expense		-	323,907	323,907
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	323,907	323,907
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	4	-	(23,650)	(23,650)
Balance at 31 December 2022		<u>385,805</u>	<u>600,226</u>	<u>986,031</u>

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 half-year ended 31 December 2022

	31-Dec-22 \$	31-Dec-21 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	813,083	435,167
Payments to suppliers and employees (inclusive of GST)	(412,621)	(372,113)
Interest received	22,239	1,376
Interest and other finance costs paid	(2,655)	(2,470)
Income taxes refunded/(paid)	(12,288)	1,535
	<u>407,758</u>	<u>63,495</u>
Cash flows from investing activities		
Payments for financial assets	(39,996)	-
Payments for property, plant and equipment	(3,305)	(1,140)
	<u>(43,301)</u>	<u>(1,140)</u>
Cash flows from financing activities		
Repayment of borrowings	(9,151)	(9,040)
Repayment of lease liabilities	(21,777)	(20,739)
	<u>(30,928)</u>	<u>(29,779)</u>
Net increase in cash and cash equivalents	333,529	32,576
Cash and cash equivalents at the beginning of the financial half-year	713,129	635,888
	<u>1,046,658</u>	<u>668,464</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,046,658</u></u>	<u><u>668,464</u></u>

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

Pinjarra Community Financial Services Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 2. Basis of preparation

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.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the period.

Note 3. Revenue from contracts with customers

	31-Dec-22	31-Dec-21
	\$	\$
Margin income	712,142	318,266
Fee income	34,771	33,791
Commission income	51,848	43,368
	<u>798,761</u>	<u>395,425</u>

Disaggregation of revenue

All revenue from contracts with customers has been recognised at a point in time during the half-year.

Note 4. Dividends

Dividends provided for during the half-year

The following dividends were provided for during the half-year as presented in the Statement of changes in equity.

	31-Dec-22	31-Dec-21
	\$	\$
Fully franked dividend of 6 cents per share (31-Dec-21: Nil)	<u>23,650</u>	<u>-</u>

The tax rate at which dividends have been franked is 25%.

Note 5. Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Pinjarra Community Financial Services Limited
Notes to the financial statements
31 December 2022

Note 5. Fair value measurement (continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: 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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31-Dec-22				
<i>Assets</i>				
Shares in listed corporations	122,733	-	-	122,733
Total assets	122,733	-	-	122,733
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30-Jun-22				
<i>Assets</i>				
Shares in listed corporations	73,567	-	-	73,567
Total assets	73,567	-	-	73,567

There were no transfers between levels during the financial half-year. However, the company purchased an additional \$39,996 of shares in listed corporations during the period.

Note 6. Contingent assets and liabilities

There were no contingent assets or liabilities at the date of this report that would materially affect the financial statements at the reporting date.

Note 7. Related party transactions

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2022 annual financial report.

Note 8. Events after the reporting date

Since the end of the half-year, the RBA has increased the cash rate by 0.25% moving from 3.10% at 31 December 2022 to 3.35% as at the date of signing these accounts.

No other matter or circumstance has arisen since 31 December 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.

Pinjarra Community Financial Services Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial half-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 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Stephen Donald Lee
Chairman

3 March 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Pinjarra Community Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Pinjarra Community Financial Services Limited does not comply with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position at 31 December 2022 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual 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 review report.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Andrew Frewin Stewart
61 Bull Street, Bendigo VIC 3550
Dated: 3 March 2023



Adrian Downing
Lead Auditor