Annual Report 2023

Pinjarra Community Financial Services Limited

Community Bank
Pinjarra

ABN 31 097 389 547

Contents

Chairman's report

For year ending 30 June 2023

On behalf of the Pinjarra Community Financial Services Limited (PCFSL) Board, it is my pleasure to present the Chairman's report of the Community Bank Pinjarra's performance and activities for the financial year ended 30 June 2023.

2022/23 has been a year of growth and change as our financial markets continue the process of recovery following the economic challenges resulting from the COVID-19 pandemic. Due mainly to a series of increases in interest rates during the financial year and the consequent improvements in margins across the range of banking products, your company has seen a significant improvement in its financial performance. The Board has decided that the most practical way to meet its obligations to keep its shareholders informed about any significant changes in its financial performance during the year, is to include the half-yearly as well as the annual financial statements of PCFSL on its website www.bendigobank.com.au/pinjarra. Your Chairman will also continue to give a summary of the company's financial performance as an integral part of the Chairman's and the Branch Manager's reports at its Annual General Meetings.

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

It gives me great pleasure to announce that our financial position as at the 30 June 2023 shows an after-tax profit of $375,290. It is important for me to inform you that this profit is net of a significant payment made to the Community Enterprise Foundation™ (CEF) of $475,000. I will expand on this payment and on the CEF a little later in my presentation. The result can be attributed to the continuing priority of our staff to place the customer focussed values of our Community Bank Pinjarra front and centre in their dealings with our customers and the community.

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

We continue to spread the message about the Community Bank Model, which is that; "Community banking is based on a 'profit-with-purpose' model. This means that our profits are returned directly to our shareholders and to the community that has generated them".

More than $32 million in funding has been distributed to local community projects and initiatives across Australia this financial year, with WA Community Bank Companies contributing more than $2.9 million to this milestone.

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

Pinjarra Golf Club	Yarloop Wildlife Rescue	West Coast Reiners
Diamonds 2 Dust Barrel Racing	Ovis Community Group	Shire of Murray
Murray Polocrosse Club	Murray Adult Riders	Homestead for Youth
Pinjarra Croquet Club	Pinjarra Football & Netball Club	Waroona Agricultural Society
Primadonna Productions	Ravenswood Community Group	Riding for the Disabled
Friends of Edenvale	Pinjarra Harness Racing Club	Murray Music & Drama
MAX Pinjarra	Murray House Resource Centre	Murray Toy Library
Bedingfeld Park	Peel Chamber of Commerce & Industry	West Australian Harness Driving Association

Chairman's report (continued)

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

In total, the amount contributed to our community this year is $69,881, with a further $473,681 which has been treated as a tax deductible expense and has been paid into the Bendigo owned Community Enterprise Foundation™, for PCFSL's exclusive use for the funding of future community projects.

The Community Enterprise Foundation™ (CEF) was established in 2005 as a Donor Advised Model for Bendigo Bank's Community Bank network and corporate organisations. It offers a tax effective gifting structure for profit distribution, donations and the capability to leverage other social capital. The CEF provide independent administration services, a formal Foundation trust structure and exceptional levels of governance and due diligence. They also provide a multi-layered review process which undertakes the right checks and balances to ensure that the future investments that we make in our community are valued and are applied for their intended purpose.

In return for providing these services, the CEF charge a one-off administration fee of 5% of the total amount of the funds contributed.

The Board and it's Marketing Committee see these CEF funds as a great opportunity to identify a project or projects that would have a major beneficial impact on our community either through direct funding or in partnership with other entities.

The Board has seen the departure of Directors Don Repacholi, Jamie Wilkinson and Ernie Hiddlestone who were all valuable assets to the Board.

Don Repacholi was a dedicated Board member and was particularly involved with the community groups we supported. He was on the Board for nearly six years. Throughout Don's time with us, he contributed to many of our committees and held the role of Vice Chair. We thank Don for his contribution of service to the Board and wish him all the best.

Jamie Wilkinson was also a dedicated Board member and was particularly involved in our Marketing committee. He was on the Board for nearly a year, but his contribution of service was significant in his short time with us. We thank Jamie for his contribution of service to the Board and wish him all the best.

Ernest Hiddlestone was another dedicated Board member and served a very impressive 18 years on our Board. During his time, he chaired the Board for three years and has contributed to many of our committees. We thank Ernie for his contribution of service to the Board and wish him all the best.

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

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

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

Once again, despite this highly competitive environment that existed in the previous financial year, we were able to pay a fully franked dividend of six cents per share (20% increase over the previous year). Since 2013 Pinjarra Community Financial Services Ltd has been able to pay a dividend to its shareholders.

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

As always, our Board of Directors and our branch staff, will continue our efforts to uphold the success of our brand and our business as we have done in the past.

We look forward to continuing to support our community through the 2024 financial year.

Stephen (Steve) Lee
Chairman

Manager's report

For year ending 30 June 2023

I am pleased to announce that despite the economic challenges and interest rate increases, we have once again had a strong growth year.

As at 30 June 2023 the branch saw $27 million in growth. This is an outstanding achievement and one that we as a team are very proud of. This growth was mainly in our deposit space due to the very competitive investment rates we have been able to offer.

This year saw Community Bank Pinjarra contribute $69,881 back into the local community. We partnered with numerous local groups to help achieve some amazing community outcomes.

Bendigo Bank has undergone some intensive upgrades to improve systems, processes and our customers overall experience. In the lending space we have had some system enhancements as well as introducing DocuSign applications to make the process a smooth and seamless one. Business customers can now open accounts via the new and improved business account opening form available on DocuSign. Bendigo has started upgrading internet banking users to eID. eID is the right step towards providing a more secure e-banking experience.

All staff have embraced changes made across the Bendigo Bank networks and understand that we need to develop our technology to stay with the times and to grow. We do however still pride ourselves on our good "old fashioned" face-to-face service.

This last year has seen an increase in staff members; Janine joined us in November 2022 as a Part-time Customer Service Officer, and Tina is our newest team member who started with us in March 2023 as a Customer Relationship Officer. Both Janine and Tina are local to Pinjarra and come with prior experience in the Banking industry. If you have not yet had chance to meet these two ladies, please feel free to visit the branch and say "hi". You will be greeted with a lovely welcoming smile. We still have our long serving staff Lisa and Jessica. Lisa is heading towards her 10 years with Community Bank Pinjarra and Jessica has just completed 15 years' service with Bendigo, four of which have been with Community Bank Pinjarra.

I would like to thank the staff for their hard work and continued commitment to the branch and the community. The team has worked consistently throughout the year to ensure we succeed and thrive in within the Community. Staff not only work business hours, they also volunteer their time to get involved in community events such as Pinjarra festival, Waroona Show, and Family Race days at Pinjarra Harness Racing, just to name a few.

As always, I would also like to say "thank you" to the Community Bank Pinjarra Board members. It is always nice to see such enthusiasm when new projects and ideas are brought to the table. The energy and knowledge you all bring is invaluable.

And of course, a big "thank you" to our shareholders, for your continuing support. Without your support none of this would be possible.

My team and I look forward to another successful year with the Pinjarra and surrounds Community.

"Thank you all" for being part of the Community Bank Pinjarra.

Natalie Myers
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023

As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than $300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact though grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

Pinjarra Community Financial Services Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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

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

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

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

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

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

Name:	Ernest Albert Hiddlestone
Title:	Non-executive director *(resigned 26 July 2023)*
Experience and expertise:	Previously a primary school teacher for 37 years including Deputy Principal for 15 years. Has also been a self employed lawn mowing contractor. Treasurer for the Rotary Club of Kenwick (five years).
Special responsibilities:	Member Marketing Committee and Finance Committee.

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

Pinjarra Community Financial Services Limited
Directors' report
30 June 2023

Name:	James Matthew Wilkinson
Title:	Non-executive director *(appointed 16 August 2022, resigned 15 June 2023)*
Experience and expertise:	Former radio broadcaster with extensive experience in digital communications and marketing, having run campaigns and PR teams at Western Australia's largest PR & Strategic Communications firm. James has experience sitting on a range of committees, helping organisations to better prepare themselves for the future, usually through a digital-lens.
Special responsibilities:	N/A

Name:	Donald Francis Repacholi
Title:	Non-executive director *(resigned 1 February 2023)*
Experience and expertise:	National Sales and Marketing with Mercedes Benz (Aust) Pty Ltd. Holds a Certificate of Registration with the Real Estate Institute of Western Australia and Financial Planning Association Accreditation. Director Peel Zoo Foundation Pty Ltd, Chairman Ravenswood Community Group Inc. and 'Rodoreda Heights' Survey Strata Plan. Bendigo's Bushfire Advisory Committee.
Special responsibilities:	Deputy Chair, Member Marketing committee and HR Committee.

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

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

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

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

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

Review of operations
The profit for the company after providing for income tax amounted to $375,290 (30 June 2022: $64,538).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. 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 the company has with Bendigo Bank.

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

	2023 $
Fully franked dividend of 6 cents per share (2022: 5 cents)	23,650

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

Pinjarra Community Financial Services Limited
Directors' report
30 June 2023

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

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

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

	Board		Marketing Committee		Finance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Stephen Donald Lee	11	9	2	2	3	3
Michael Frank Kidd	11	11	-	-	3	3
Laurence Ian Galloway	11	8	-	-	-	-
Shane Robert Rowley	11	10	2	2	-	-
Mervyn Williams	11	10	-	-	3	3
Ernest Albert Hiddlestone	11	4	2	1	3	2
Tiffany Gaye Franklin	9	7	1	1	2	2
James Matthew Wilkinson	9	6	2	2	-	-
Donald Francis Repacholi	6	6	-	-	-	-
Lindsay Gay Stacpoole	-	-	-	-	-	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in notes 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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

	Balance at the start of the year	Changes	Balance at the end of the year
Stephen Donald Lee	1,000	-	1,000
Michael Frank Kidd	2,000	-	2,000
Laurence Ian Galloway	-	-	-
Shane Robert Rowley	-	2,000	2,000
Mervyn Williams	-	2,667	2,667
Ernest Albert Hiddlestone	300	-	300
Tiffany Gaye Franklin	-	-	-
James Matthew Wilkinson	-	-	-
Donald Francis Repacholi	-	-	-
Lindsay Gay Stacpoole	-	-	-

Pinjarra Community Financial Services Limited
Directors' report
30 June 2023

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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

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

On behalf of the directors

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Stephen Donald Lee
Chairman

30 August 2023

Auditor's independence declaration

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

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

As lead auditor for the audit of Pinjarra Community Financial Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 August 2023

Joshua Griffin
Lead Auditor

Financial statements

Pinjarra Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,794,309	827,097
Other revenue		27,387	16,843
Finance revenue		37,175	122
Total revenue		1,858,871	844,062
Employee benefits expense	7	(505,326)	(426,569)
Advertising and marketing costs		(20,152)	(25,907)
Occupancy and associated costs		(31,543)	(32,159)
System costs		(24,807)	(27,583)
Depreciation and amortisation expense	7	(63,902)	(67,745)
Finance costs		(31,107)	(31,852)
General administration expenses		(144,875)	(111,219)
Fair value losses on financial assets		(19,769)	(11,517)
Total expenses before community contributions and income tax		(841,481)	(734,551)
Profit before community contributions and income tax expense		1,017,390	109,511
Charitable donations, sponsorships and grants expense	7	(519,881)	(24,789)
Profit before income tax expense		497,509	84,722
Income tax expense	8	(122,219)	(20,184)
Profit after income tax expense for the year	21	375,290	64,538
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		375,290	64,538
		Cents	**Cents**
Basic earnings per share	29	95.21	16.37
Diluted earnings per share	29	95.21	16.37

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

Pinjarra Community Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	860,026	713,129
Trade and other receivables	10	186,315	94,344
Total current assets		1,046,341	807,473
Non-current assets			
Financial assets	13	193,627	73,567
Investment properties	14	17,545	26,667
Property, plant and equipment	11	77,793	51,144
Right-of-use assets	12	353,450	375,460
Intangible assets	15	44,860	57,990
Deferred tax assets	8	103,119	99,077
Total non-current assets		790,394	683,905
Total assets		1,836,735	1,491,378
Liabilities			
Current liabilities			
Trade and other payables	16	64,770	74,676
Borrowings	17	-	23,232
Lease liabilities	18	20,810	17,714
Current tax liabilities	8	103,128	11,991
Employee benefits	19	40,747	29,099
Total current liabilities		229,455	156,712
Non-current liabilities			
Trade and other payables	16	29,854	44,780
Borrowings	17	-	49,840
Lease liabilities	18	516,194	537,000
Employee benefits	19	15,302	9,151
Lease make good provision		8,516	8,121
Total non-current liabilities		569,866	648,892
Total liabilities		799,321	805,604
Net assets		1,037,414	685,774
Equity			
Issued capital	20	385,805	385,805
Retained earnings	21	651,609	299,969
Total equity		1,037,414	685,774

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

Pinjarra Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		385,805	255,139	640,944
Profit after income tax expense		-	64,538	64,538
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	64,538	64,538
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(19,708)	(19,708)
Balance at 30 June 2022		385,805	299,969	685,774

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		385,805	299,969	685,774
Profit after income tax expense		-	375,290	375,290
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	375,290	375,290
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(23,650)	(23,650)
Balance at 30 June 2023		385,805	651,609	1,037,414

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

Pinjarra Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,889,380	881,700
Payments to suppliers and employees (inclusive of GST)		(1,412,353)	(688,932)
Dividends received		8,686	4,299
Interest received		35,922	996
Interest and other finance costs paid		(4,687)	(5,054)
Income taxes paid		(35,124)	(17,056)
Net cash provided by operating activities	28	481,824	175,953
Cash flows from investing activities			
Payments for financial assets	13	(139,829)	-
Payments for property, plant and equipment	11	(57,432)	(4,084)
Payments for intangible assets		(13,569)	(14,927)
Proceeds from disposal of property, plant and equipment		16,360	-
Net cash used in investing activities		(194,470)	(19,011)
Cash flows from financing activities			
Repayment of borrowings		(73,072)	(18,341)
Dividends paid	23	(23,650)	(19,708)
Repayment of lease liabilities	18	(43,735)	(41,652)
Net cash used in financing activities		(140,457)	(79,701)
Net increase in cash and cash equivalents		146,897	77,241
Cash and cash equivalents at the beginning of the financial year		713,129	635,888
Cash and cash equivalents at the end of the financial year	9	860,026	713,129

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

Notes to the financial statements

Pinjarra Community Financial Services Limited
Notes to the financial statements
30 June 2023

Note 1. Reporting entity

The financial statements cover Pinjarra Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations
There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

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

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

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

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in December 2026.

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

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

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023 $	**2022 $**
Margin income	1,623,788	667,681
Fee income	72,206	73,021
Commission income	98,315	86,395
	1,794,309	827,097

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.

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

Margin income
Margin on core banking products is arrived at through the following calculation:

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

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

Commission income
Commission income 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 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 Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

Note 6. Revenue from contracts with customers (continued)

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

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	431,885	370,745
Non-cash benefits	9,767	8,555
Superannuation contributions	44,510	37,890
Expenses related to long service leave	7,735	(1,948)
Other expenses	11,429	11,327
	505,326	426,569

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	7,614	14,515
Plant and equipment	5,830	5,090
Motor vehicles	6,196	4,680
	19,640	24,285
Depreciation of right-of-use assets		
Leased land and buildings	31,132	31,133
Amortisation of intangible assets		
Franchise fee	2,188	5,944
Franchise renewal fee	10,942	6,383
	13,130	12,327
	63,902	67,745

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	9,215	12,231

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

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	69,881	24,789
Contribution to the Community Enterprise Foundation™	450,000	-
	519,881	24,789

Note 7. Expenses (continued)

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, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 8. Income tax

	2023 $	**2022 $**
Income tax expense		
Current tax	129,984	32,086
Movement in deferred tax	(4,042)	(10,060)
Net benefit of franking credits on dividends received	(3,723)	(1,842)
Aggregate income tax expense	122,219	20,184
Prima facie income tax reconciliation		
Profit before income tax expense	497,509	84,722
Tax at the statutory tax rate of 25%	124,377	21,181
Tax effect of:		
Non-deductible expenses	634	384
Other assessable income	931	461
Net benefit of franking credits on dividends received	(3,723)	(1,842)
Income tax expense	122,219	20,184

	2023 $	**2022 $**
Deferred tax assets/(liabilities)		
Property, plant and equipment	42,536	50,492
Employee benefits	14,012	9,703
Lease liabilities	134,251	138,679
Provision for lease make good	2,129	2,030
Income accruals	(448)	(135)
Right-of-use assets	(92,749)	(100,532)
Financial assets at fair value through profit or loss	6,541	1,598
Prepayments	(3,153)	(2,758)
Deferred tax asset	103,119	99,077

	2023 $	**2022 $**
Provision for income tax	103,128	11,991

Note 8. Income tax (continued)

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

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

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

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

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

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

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	119,285	143,086
Term deposits	740,741	570,043
	860,026	713,129

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

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	171,911	78,476
Other receivables and accruals	-	4,299
Accrued income	1,792	539
Prepayments	12,612	11,030
	14,404	15,868
	186,315	94,344

Note 10. Trade and other receivables (continued)

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

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

Note 11. Property, plant and equipment

	2023 **$**	**2022** **$**
Leasehold improvements - at cost	326,045	321,300
Less: Accumulated depreciation	(308,960)	(301,346)
	17,085	19,954
Plant and equipment - at cost	102,873	96,483
Less: Accumulated depreciation	(83,502)	(78,091)
	19,371	18,392
Motor vehicles - at cost	44,507	23,402
Less: Accumulated depreciation	(3,170)	(10,604)
	41,337	12,798
	77,793	51,144

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	34,269	19,598	17,478	71,345
Additions	200	3,884	-	4,084
Depreciation	(14,515)	(5,090)	(4,680)	(24,285)
Balance at 30 June 2022	19,954	18,392	12,798	51,144
Additions	4,745	8,180	44,507	57,432
Disposals	-	(1,371)	(9,772)	(11,143)
Depreciation	(7,614)	(5,830)	(6,196)	(19,640)
Balance at 30 June 2023	17,085	19,371	41,337	77,793

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

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

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

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

Note 11. Property, plant and equipment (continued)

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

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

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

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

Note 12. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	531,424	531,424
Less: Accumulated depreciation	(177,974)	(155,964)
	353,450	375,460

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

	Land and buildings $
Balance at 1 July 2021	397,470
Depreciation expense	(22,010)
Balance at 30 June 2022	375,460
Depreciation expense	(22,010)
Balance at 30 June 2023	353,450

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

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

Refer to note 18 for more information on lease arrangements.

Note 13. Financial assets

	2023 $	2022 $
Equity securities - designated at fair value through profit or loss	193,627	73,567

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

Opening carrying amount	73,567	85,084
Additions	139,829	-
Revaluation decrements	(19,769)	(11,517)
Closing carrying amount	193,627	73,567

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

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

Note 14. Investment properties

	2023 $	2022 $
Investment property - sublease - at cost	91,225	91,225
Less: Accumulated depreciation	(73,680)	(64,558)
	17,545	26,667

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

Opening amount	26,667	35,790
Depreciation expense	(9,122)	(9,123)
Closing amount	17,545	26,667

Maturity analysis

	2023 $	2022 $
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	13,400	12,762
Between 1 and 3 years	13,400	25,524
	26,800	38,286

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

Note 14. Investment properties (continued)

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 18 'Lease liabilities' and note 12 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

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

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

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

Note 15. Intangible assets

	2023 **$**	**2022** **$**
Franchise fee	216,903	216,903
Less: Accumulated amortisation	(209,426)	(207,238)
	7,477	9,665
Franchise renewal fee	54,708	54,708
Less: Accumulated amortisation	(17,325)	(6,383)
	37,383	48,325
	44,860	57,990

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	4,667	-	4,667
Additions	10,942	54,708	65,650
Amortisation expense	(5,944)	(6,383)	(12,327)
Balance at 30 June 2022	9,665	48,325	57,990
Amortisation expense	(2,188)	(10,942)	(13,130)
Balance at 30 June 2023	7,477	37,383	44,860

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

Note 15. Intangible assets (continued)

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

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

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

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

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

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

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

Note 16. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	737	7,237
Other payables and accruals	64,033	67,439
	64,770	74,676
Non-current liabilities		
Other payables and accruals	29,854	44,780

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

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

Note 17. Borrowings

	2023 $	2022 $
Current liabilities		
Bank loans	-	23,232
Non-current liabilities		
Bank loans	-	49,840

Note 17. Borrowings (continued)

Bank loans
Bank loans were repayable monthly with the final instalment due on January 2026**.** However, the loan was repaid during the current financial year due to an increase in revenue and cash reserves. Interest recognised at a rate of 9.39% (2022: 6.39%).

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

Note 18. Lease liabilities

	2023 $	**2022 $**
Current liabilities		
Land and buildings lease liabilities	45,921	43,735
Unexpired interest	(25,111)	(26,021)
	20,810	17,714
Non-current liabilities		
Land and buildings lease liabilities	678,171	724,092
Unexpired interest	(161,977)	(187,092)
	516,194	537,000

Reconciliation of lease liabilities

	2023 $	**2022 $**
Opening balance	554,714	569,568
Lease interest expense	26,025	26,798
Lease payments - total cash outflow	(43,735)	(41,652)
	537,004	554,714

Maturity analysis

	2023 $	**2022 $**
Not later than 12 months	45,921	43,735
Between 12 months and 5 years	207,823	197,927
Greater than 5 years	470,348	526,165
	724,092	767,827

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

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

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

Note 18. Lease liabilities (continued)

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Pinjarra Branch	4.76%	5 years	1 x 10 years	Yes	June 2035

Note 19. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	29,218	19,154
Long service leave	11,529	9,945
	40,747	29,099
Non-current liabilities		
Long service leave	15,302	9,151

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

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

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

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

Note 19. Employee benefits (continued)

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

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

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

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	394,160	394,160	394,160	394,160
Less: Equity raising costs	-	-	(8,355)	(8,355)
	394,160	394,160	385,805	385,805

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

Rights attached to issued capital

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

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

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

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

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

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

Note 20. Issued capital (continued)

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 243. As at the date of this report, the company had 250 shareholders (2022: 252 shareholders).

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

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

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

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

Note 21. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	299,969	255,139
Profit after income tax expense for the year	375,290	64,538
Dividends paid (note 23)	(23,650)	(19,708)
Retained earnings at the end of the financial year	651,609	299,969

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

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

	2023 $	2022 $
Fully franked dividend of 6 cents per share (2022: 5 cents)	23,650	19,708

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	246,810	234,483
Franking credits (debits) arising from income taxes paid (refunded)	35,124	17,054
Franking debits from the payment of franked distributions	(7,883)	(6,569)
Franking credits from franked distributions received	3,723	1,842
	277,774	246,810
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	277,774	246,810
Franking credits (debits) that will arise from payment (refund) of income tax	103,128	11,991
Franking credits available for future reporting periods	380,902	258,801

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

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

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	173,703	83,314
Cash and cash equivalents	860,026	713,129
Financial assets	193,627	73,567
	1,227,356	870,010
Financial liabilities		
Trade and other payables	94,624	119,456
Lease liabilities	537,004	554,714
Bank loans	-	73,072
	631,628	747,242

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

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

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

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

Note 24. Financial instruments (continued)

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $860,026 at 30 June 2023 (2022: $713,129).

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

2023	**% change increase**	**Effect on profit before tax**	**Effect on equity**	**% change decrease**	**Effect on profit before tax**	**Effect on equity**
Equity securities	10%	19,363	14,522	(10%)	(19,363)	(14,522)

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

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	64,770	29,854	-	94,624
Lease liabilities	45,921	207,823	470,348	724,092
Total non-derivatives	110,691	237,677	470,348	818,716

Note 24. Financial instruments (continued)

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

Note 25. Key management personnel disclosures

The following persons were directors of Pinjarra Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Stephen Donald Lee
Michael Frank Kidd
Laurence Ian Galloway
Shane Robert Rowley
Mervyn Williams
Ernest Albert Hiddlestone
Tiffany Gaye Franklin
James Matthew Wilkinson
Donald Francis Repacholi
Lindsay Gay Stacpoole

Compensation
Key management personnel compensation comprised the following.

	2023 $	**2022 $**
Short-term employee benefits	1,816	1,600

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

Note 26. Related party transactions

The following transactions occurred with related parties:

	2023 $	**2022 $**
The company paid one of the directors family owned business. The total benefit received was:	-	500

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

Note 27. Remuneration of auditors

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

	2023 $	**2022 $**
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,433	2,725
General advisory services	2,810	2,890
Share registry services	3,475	3,397
	7,718	9,012
	13,118	14,212

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	375,290	64,538
Adjustments for:		
Depreciation and amortisation	63,902	67,745
Net gain on disposal of non-current assets	(5,217)	-
Decrease in fair value of equity instruments designated at FVTPL	19,769	11,517
Lease liabilities interest	26,025	26,798
Change in operating assets and liabilities:		
Increase in trade and other receivables	(91,971)	(29,495)
Decrease in income tax refund due	-	10,033
Increase in deferred tax assets	(4,042)	(10,060)
Increase/(decrease) in trade and other payables	(11,263)	24,020
Increase in provision for income tax	91,137	11,991
Increase/(decrease) in employee benefits	17,799	(1,511)
Increase in other provisions	395	377
Net cash provided by operating activities	481,824	175,953

Note 29. Earnings per share

	2023 $	2022 $
Profit after income tax	375,290	64,538

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	394,160	394,160
Weighted average number of ordinary shares used in calculating diluted earnings per share	394,160	394,160

	Cents	Cents
Basic earnings per share	95.21	16.37
Diluted earnings per share	95.21	16.37

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

Note 30. Commitments

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

Note 31. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

Pinjarra Community Financial Services Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Stephen Donald Lee
Chairman

30 August 2023

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

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Pinjarra Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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

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

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 August 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank