

Pinjarra

Community Financial Services Limited

Financial Statements

for the half-year ended

31 December 2011

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2011.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

Rosemarree Reynolds

Trevor Lawrence Delaporte

Ernest Albert Hiddlestone

Laurence Ian Galloway

Iggy Castle

Barbara Hammond (*Appointed 29 August 2011*)

Deborah Eaton (*Appointed 29 August 2011*)

Principal Activities

The principal activity of the company during the course of the financial period was in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited at Pinjarra and a sub-branch at Waroona.

Review and Results of Operations

Operations have continued to perform in line with expectations. The net profit/(loss) of the company for the financial period after the provision of income tax was: \$38,354 [2010: (\$54,815)].

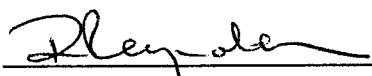
Matters Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at Pinjarra, Western Australia on 16 March 2012.



Rosemarree Reynolds, Chairman

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
to the directors of Pinjarra Community Financial Services Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street Bendigo 3550

Dated this 16th day of March 2012

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Statement of Comprehensive Income
for the half-year ended 31 December 2011

	<u>Notes</u>	2011 \$	2010 \$
Revenue from ordinary activities		466,087	431,316
Employee benefits expense		(224,382)	(237,626)
Charitable donations, sponsorship, advertising and promotion		(19,289)	(13,448)
Occupancy and associated costs		(36,440)	(36,018)
Systems costs		(24,738)	(25,330)
Depreciation and amortisation expense		(30,651)	(29,819)
Finance costs		(3,230)	(3,842)
General administration expenses		(90,721)	(95,128)
		<hr/>	<hr/>
Profit/(loss) before income tax (expense)/credit		36,636	(9,895)
Income tax (expense)/credit	6	1,718	(44,920)
		<hr/>	<hr/>
Profit/(loss) after income tax (expense)/credit		38,354	(54,815)
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		38,354	(54,815)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per Share		<u>c</u>	<u>c</u>
Basic from profit for the period:		9.73	(13.91)

The accompanying notes form part of these financial statements.

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Balance Sheet
as at 31 December 2011

	31-Dec 2011 \$	30-Jun 2011 \$
ASSETS		
Current Assets		
Cash assets	123,487	127,801
Trade and other receivables	78,400	73,373
Current tax assets	4,750	-
Total Current Assets	<u>206,637</u>	<u>201,174</u>
Non-Current Assets		
Property, plant and equipment	62,026	85,584
Intangible assets	54,742	11,834
Deferred tax asset	33,507	36,539
Total Non-Current Assets	<u>150,275</u>	<u>133,957</u>
Total Assets	<u>356,912</u>	<u>335,131</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	40,347	50,946
Borrowings	8,400	9,000
Provisions	17,469	16,950
Total Current Liabilities	<u>66,216</u>	<u>76,896</u>
Non-Current Liabilities		
Borrowings	57,216	62,486
Provisions	15,840	16,463
Total Non-Current Liabilities	<u>73,056</u>	<u>78,949</u>
Total Liabilities	<u>139,272</u>	<u>155,845</u>
Net Assets	<u>217,640</u>	<u>179,286</u>
Equity		
Issued capital	385,805	385,805
Accumulated losses	(168,165)	(206,519)
Total Equity	<u>217,640</u>	<u>179,286</u>

The accompanying notes form part of these financial statements.

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Statement of Changes in Equity
for the half-year ended 31 December 2011

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010	385,805	(211,845)	173,960
Total comprehensive income for the year	<u>-</u>	<u>(54,815)</u>	<u>(54,815)</u>
	385,805	(266,660)	119,145
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2010	<u>385,805</u>	<u>(266,660)</u>	<u>119,145</u>
Balance at 1 July 2011	385,805	(206,519)	179,286
Total comprehensive income for the year	<u>-</u>	<u>38,354</u>	<u>38,354</u>
	385,805	(168,165)	217,640
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2011	<u>385,805</u>	<u>(168,165)</u>	<u>217,640</u>

The accompanying notes form part of these financial statements.

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Cash Flow Statement
for the half-year ended 31 December 2011

	2011	2010
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	505,911	440,369
Payments to suppliers and employees	(452,536)	(411,717)
Interest paid	(3,230)	(3,842)
Interest received	1,411	259
Net cash provided by operating activities	<u>51,556</u>	<u>25,069</u>
Cash Flows From Investing Activities		
Payments for intangible assets	(50,000)	-
Net cash used in investing activities	<u>(50,000)</u>	<u>-</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(5,870)	(8,458)
Net cash used in financing activities	<u>(5,870)</u>	<u>(8,458)</u>
Net increase/(decrease) in cash held	(4,314)	16,611
Cash at the beginning of the financial year	127,801	49,978
Cash at the end of the half-year	<u><u>123,487</u></u>	<u><u>66,589</u></u>

The accompanying notes form part of these financial statements.

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Notes to the financial statements
for the half-year ended 31 December 2011

Note 1. Summary of Significant Accounting Policies

Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Basis of Preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The company has elected not to early adopt the new and amended Accounting Standards and Interpretations, as outlined in the annual financial report for the year ended 30 June 2011, that have mandatory application dates during future reporting periods.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2011.

Note 2. Events Subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 3. Contingent Assets and Liabilities

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

Note 4. Segment Reporting

The economic entity operates in a single service sector where it facilitates community banking services in Pinjarra and Waroona, Western Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 5. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2011 annual financial report.

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Notes to the financial statements
for the half-year ended 31 December 2011

Note 6. Income Tax Expense/Credit	2011	2010
	\$	\$
The components of tax expense comprise:		
- Current tax	-	-
- Future income tax benefit attributed to losses	-	(2,969)
- Movement in deferred tax	2,638	-
- Recoupment of prior year tax losses	9,053	-
- Adjustments to tax expense of prior periods	(13,750)	-
- Future income tax benefit not brought to account	-	2,969
- Write back future income tax benefit attributed to losses	-	44,920
- Under/(Over) provision of tax in the prior period	341	-
	<u>(1,718)</u>	<u>44,920</u>

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

Operating profit/(loss)	36,636	(9,895)
Prima facie tax on profit from ordinary activities at 30%	10,991	(2,969)
Add tax effect of:		
- non-deductible expenses	600	-
- timing difference expenses	(2,538)	-
- other deductible expenses	-	-
	<u>9,053</u>	<u>(2,969)</u>
Movement in deferred tax	2,638	-
Adjustments to tax expense of prior periods	(13,750)	-
Future income tax benefit not brought to account	-	2,969
Write back future income tax benefit attributed to losses	-	44,920
Under/(Over) provision of income tax in the prior year	341	-
	<u>(1,718)</u>	<u>44,920</u>

Adjustments to tax expense of prior periods relates to the tax deductibility of amortisation on the renewal franchise fee and renewal processing fee. A tax deduction was not initially claimed for the amortisation on these items, pending the outcome of a private tax ruling by the Commissioner of Taxation. While the original private tax ruling held that these items were in fact not tax deductible, the ruling was overturned by Administrative Appeals Tribunal decision 607 handed down on 31 August 2011. Therefore amortisation on the renewal franchise fee and renewal processing fee can now be claimed as a tax deduction. Amendment to the applicable income tax returns will be undertaken, with the overall tax effect of the change outlined below:

Year	Franchise Fee	Amortisation Process Fee	Total	Tax effect @ 30%
2007	5,833	-	5,833	1,750
2008	10,000	-	10,000	3,000
2009	10,000	-	10,000	3,000
2010	10,000	-	10,000	3,000
2011	10,000	-	10,000	3,000
	<u>45,833</u>	<u>-</u>	<u>45,833</u>	<u>13,750</u>

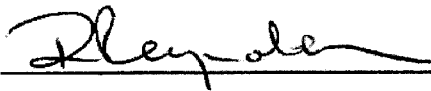
Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Directors' Declaration

In the opinion of the directors of Pinjarra Community Financial Services Limited ("the company"):

- 1 The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 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 the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

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



Rosemarree Reynolds, Chairman

Dated this 16th day of March 2012.

Independent Auditor's Review Report to the Members of Pinjarra Community Financial Services Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Pinjarra Community Financial Services Limited, which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Pinjarra Community Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.


Independence

In conducting our review we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

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

- a) Giving a true and fair view of the company's financial position at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 16th day of March 2012