

Pinjarra

Community Financial Services Limited

Financial Statements

for the half-year ended

31 December 2014

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 2014.

Directors

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

Barbara Joy Hammond

Michael Frank Kidd

Amanda Jane Kaufman

Ernest Albert Hiddlestone

Trevor Laurence Delaporte

Laurence Ian Galloway

Terry Elizabeth Clark (*Appointed 25 November 2014*)

Graeme Jeffrey Watson (*Appointed 25 November 2014*)

Rosemarree Reynolds (*Resigned 17 February 2015*)

Company Secretary

The company secretary is Amanda Jane Kaufman. Amanda was appointed to the position of secretary on 22 March 2010.

Amanda is currently a Customer Service Officer at the Pinjarra branch. She has 10 years experience in the travel industry and was a small business owner for four years prior to working at the Pinjarra branch.

Principal Activities

The principal activity of the company for the financial period was facilitating **Community Bank®** services under management rights to operate a franchise branch of Bendigo and Adelaide Bank Limited.

Review and Results of Operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$29,369 [2013: \$64,857].

On 26 May 2014, the ATM at the Waroona sub-branch was destroyed. The attack on the ATM also destroyed the front of the building and caused significant damage to the fixtures and fittings and contents of the building. Minor damage was also caused to the structure of the building. As a result of this damage, the sub-branch was closed and customers were informed that their banking business would be transferred to the main office at the Pinjarra branch.

Staff at the branch were re-located to the Pinjarra branch and, for security purposes, the contents of the Waroona sub-branch and records were also moved to the Pinjarra.

The board has decided that the branch will not re-open. Partly as a result of the attack above and partly to consider the future banking needs in the Waroona area, the Board carried out a review of the operations of Waroona sub-branch. The review took into account the past performance of the sub-branch, past and future projected costs of operating, the projections of expected future income for the sub-branch and the likely levels of realistic growth available in the area. On the basis of this review, the board resolved to discontinue banking operations at Waroona.

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 on 6 March 2015.

A handwritten signature in black ink, appearing to read 'BJ Hammond', is written over a horizontal line.

Barbara Joy Hammond, Chairman

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

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2014 there have been no contraventions of:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 6 March 2015

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2014

	2014	2013
	\$	\$
Revenue from ordinary activities	423,859	409,705
Employee benefits expense	(247,018)	(188,660)
Charitable donations, sponsorship, advertising and promotion	(22,946)	(29,462)
Occupancy and associated costs	(22,646)	(24,755)
Systems costs	(10,735)	(11,776)
Depreciation and amortisation expense	(7,798)	(14,019)
Finance costs	(96)	-
General administration expenses	(70,663)	(66,332)
	<hr/>	<hr/>
Profit before income tax expense	41,957	74,701
Income tax expense	(12,588)	(9,844)
	<hr/>	<hr/>
Profit from continuing operations	29,369	64,857
	<hr/>	<hr/>
Profit/(loss) from discontinued operations	6(a) 60,882	(42,141)
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Total comprehensive income for the year	90,251	22,716
	<hr/>	<hr/>
Earnings per Share	c	c
Basic from profit for the period:	22.90	5.76

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 2014

	31-Dec 2014 \$	30-Jun 2014 \$
ASSETS		
Current Assets		
Cash assets	361,930	277,658
Trade and other receivables	90,180	79,486
Total Current Assets	<u>452,110</u>	<u>357,144</u>
Non-Current Assets		
Property, plant and equipment	33,632	16,948
Intangible assets	19,167	24,167
Deferred tax asset	8,441	7,616
Total Non-Current Assets	<u>61,240</u>	<u>48,731</u>
Total Assets	<u>513,350</u>	<u>405,875</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	41,826	49,557
Current tax liabilities	54,286	20,330
Borrowings	6,140	15,495
Provisions	21,175	18,822
Total Current Liabilities	<u>123,427</u>	<u>104,204</u>
Non-Current Liabilities		
Borrowings	15,565	-
Provisions	11,177	9,033
Total Non-Current Liabilities	<u>26,742</u>	<u>9,033</u>
Total Liabilities	<u>150,169</u>	<u>113,237</u>
Net Assets	<u>363,181</u>	<u>292,638</u>
Equity		
Issued capital	385,805	385,805
Accumulated losses	(22,624)	(93,167)
Total Equity	<u>363,181</u>	<u>292,638</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 2014

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2013	385,805	(130,869)	254,936
Total comprehensive income for the year	<u>-</u>	<u>22,716</u>	<u>22,716</u>
	385,805	(108,153)	277,652
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(19,708)</u>	<u>(19,708)</u>
Balance at 31 December 2013	<u>385,805</u>	<u>(127,861)</u>	<u>257,944</u>
Balance at 1 July 2014	385,805	(93,167)	292,638
Total comprehensive income for the year	<u>-</u>	<u>90,251</u>	<u>90,251</u>
	385,805	(2,916)	382,889
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(19,708)</u>	<u>(19,708)</u>
Balance at 31 December 2014	<u>385,805</u>	<u>(22,624)</u>	<u>363,181</u>

The accompanying notes form part of these financial statements.

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Statement of Cash Flows
for the half-year ended 31 December 2014

	2014	2013
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	537,702	517,874
Proceeds from insurance payout	117,164	-
Payments to suppliers and employees	(528,591)	(480,098)
Interest paid	(434)	(1,318)
Interest received	1,343	969
Income taxes paid	(5,548)	(194)
Net cash provided by operating activities	<u>121,636</u>	<u>37,233</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(1,745)	(2,091)
Net cash provided by/(used in) investing activities	<u>(1,745)</u>	<u>(2,091)</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(15,910)	(11,682)
Dividends paid	(19,708)	(19,708)
Net cash provided by/(used in) financing activities	<u>(35,618)</u>	<u>(31,390)</u>
Net increase in cash held	84,273	3,752
Cash at the beginning of the financial year	277,657	215,131
Cash at the end of the half-year	<u>361,930</u>	<u>218,883</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 2014

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 2014 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.

Amendments to Accounting Standards and the new Interpretation that are mandatorily effective for the current reporting period

The following Australian Accounting Standards, amendments to Australian Accounting Standards and Interpretation have become mandatory for adoption for the financial year commencing on 1 July 2014:

- AASB 1031 - Materiality (2013)
- AASB 2012-3 - Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 - Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 - Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 - Amendments to Australian Accounting Standards - Investment Entities
- AASB 2013-9 - Amendments to Australian Accounting Standards - Part B: Materiality
- AASB 2014-1 - Amendments to Australian Accounting Standards -
 - Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles
 - Part B: Defined Benefit Plans - Employee Contributions (Amendments to AASB 119)
 - Part C: Materiality
- Interpretation 21 - Levies

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Notes to the financial statements
for the half-year ended 31 December 2014

Note 1. Summary of Significant Accounting Policies (continued)

Amendments to Accounting Standards and the new Interpretation that are mandatorily effective for the current reporting period (continued)

None of the new standards, amendments to standards or interpretation that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. There were no other new or revised Accounting Standards 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 2014.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2014.

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. Dividends Paid/Provided

	<u>2014</u> <u>Cents</u>	<u>2014</u> <u>\$</u>	<u>2013</u> <u>Cents</u>	<u>2013</u> <u>\$</u>
Dividend paid in the period as recommended in the annual report:	5	19,708	5	19,708
100% fully franked (2013: 100%)				

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Notes to the financial statements
for the half-year ended 31 December 2014

Note 6. Discontinued Operations

On 20 February 2014, the Company announced that it would not be conducting banking services in Waroona in the foreseeable future and that there were no plans to open an Agency in Waroona. This announcement was made subsequent to approval by the Board.

Note 6.(a) Loss for the year from discontinued operations

The financial performance of the discontinued operations of the Waroona branch during the half year as included in the Income Statement was as follows:

	<u>Waroona</u>	
	31-Dec 2014	31-Dec 2013
	\$	\$
Operating activities:		
- services commissions	85,169	71,797
Non-operating activities:		
- insurance proceeds	106,754	-
Total expenses	(131,041)	(113,938)
Profit/(loss) after income tax expense	60,882	(42,141)

Insurance proceeds were recovered following the attempted robbery on the Waroona ATM on 26 May 2014. Please refer to the directors report for more details.

Note 6.(b) Cashflow

The net cash flows of the discontinued operations of the Waroona branch which have been incorporated into the statement of cash flows are as follows:

	<u>Waroona</u>	
	31-Dec 2014	31-Dec 2013
	\$	\$
Net cash used by operating activities	(18,580)	(38,927)
Net cash used in financing activities	(15,910)	(11,682)
Net cash consumed by discontinued operations	(34,490)	(50,609)

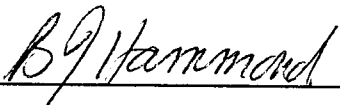
Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Directors' Declaration

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 2014 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.



Barbara Joy Hammond, Chairman

Dated this 6th day of March 2015.

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 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary 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 controls 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 2014 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 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.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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 2014 and of its performance for the half-year ended on that date
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 6 March 2015