



**Pinjarra Community Financial Services
Limited**

Financial Statements
for the half-year ended 31 December 2015

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 2015.

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

Graeme Watson

Ernest Albert Hiddlestone

Michael Frank Kidd

Laurence Ian Galloway

Terry Elizabeth Clark

Christine Irene Thompson

Stephen Donald Lee

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: \$52,453 [2014: \$90,251].

Matters Subsequent to the End of the Reporting Period

On the 23 February 2016 the board resolved to endorse the quoted works to be completed by Whites Constructions on the Pinjarra branch relocation and fitout. A contract has not been signed as at the time of signing off on these financial statements. The anticipated construction commencement date is 7 March 2016. It is expected that works should be completed and the branch relocated by 30 April 2016.

There are no other 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 23 February 2016.



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 2015 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
Dated: 23 February 2016



David Hutchings
Lead Auditor

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 2015

	Notes	2015 \$	2014 \$
Revenue from ordinary activities		526,108	423,859
Employee benefits expense		(286,687)	(247,018)
Charitable donations, sponsorship, advertising and promotion		(8,787)	(22,946)
Occupancy and associated costs		(65,703)	(22,646)
Systems costs		(17,397)	(10,735)
Depreciation and amortisation expense		(8,158)	(7,798)
Finance costs		(837)	(96)
General administration expenses		(65,829)	(70,663)
		<hr/>	<hr/>
Profit before income tax expense		72,710	41,957
Income tax expense		(20,257)	(12,588)
		<hr/>	<hr/>
Profit from continuing operations after tax expense		52,453	29,369
		<hr/>	<hr/>
Profit from discontinued operations	6(a)	-	60,882
		<hr/>	<hr/>
Total comprehensive income for the year		52,453	90,251
		<hr/>	<hr/>
Earnings per share		¢	¢
Basic earnings per share from profit for the period:		13.31	22.90

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 2015

	Notes	31-Dec 2015 \$	30-Jun 2015 \$
ASSETS			
Current Assets			
Cash assets		547,776	384,038
Trade and other receivables		97,245	93,007
Total Current Assets		<u>645,021</u>	<u>477,045</u>
Non-Current Assets			
Property, plant and equipment		30,449	31,061
Intangible assets		9,167	14,167
Deferred tax asset		-	8,217
Total Non-Current Assets		<u>39,616</u>	<u>53,445</u>
Total Assets		<u>684,637</u>	<u>530,490</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		71,374	53,729
Current tax liabilities		35,395	41,873
Borrowings	7	22,467	6,139
Provisions		12,430	16,227
Total Current Liabilities		<u>141,666</u>	<u>117,968</u>
Non-Current Liabilities			
Borrowings	7	114,470	13,035
Provisions		399	7,757
Deferred tax liability		3,627	-
Total Non-Current Liabilities		<u>118,496</u>	<u>20,792</u>
Total Liabilities		<u>260,162</u>	<u>138,760</u>
Net Assets		<u>424,475</u>	<u>391,730</u>
Equity			
Issued capital		385,805	385,805
Retained earnings		38,670	5,925
Total Equity		<u>424,475</u>	<u>391,730</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 2015

	Issued Capital \$	Retained Earnings/(Ac cumulated Losses) \$	Total Equity \$
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>
Balance at 1 July 2015	385,805	5,925	391,730
Total comprehensive income for the year	<u>-</u>	<u>52,453</u>	<u>52,453</u>
	385,805	58,378	444,183
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 2015	<u>385,805</u>	<u>38,670</u>	<u>424,475</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 2015

	2015	2014
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	571,695	537,702
Proceeds from insurance payout	-	117,164
Payments to suppliers and employees	(508,834)	(528,591)
Interest paid	(837)	(434)
Interest received	1,388	1,343
Income taxes paid	(14,891)	(5,548)
Net cash provided by operating activities	<u>48,521</u>	<u>121,636</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(2,546)	(1,745)
Net cash used in investing activities	<u>(2,546)</u>	<u>(1,745)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings	120,360	-
Repayment of borrowings	(2,597)	(15,910)
Dividends paid	-	(19,708)
Net cash provided by/(used in) financing activities	<u>117,763</u>	<u>(35,618)</u>
Net increase in cash held	163,738	84,273
Cash at the beginning of the financial year	384,038	277,657
Cash at the end of the half-year	<u><u>547,776</u></u>	<u><u>361,930</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 2015

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 2015 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.

There are no new and revised Accounting Standards or 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 2015.

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>2015</u> <u>Cents</u>	<u>2015</u> <u>\$</u>	<u>2014</u> <u>Cents</u>	<u>2014</u> <u>\$</u>
Dividend declared in the period and recognised as a liability:	5	19,708	0	-
Dividend declared and paid in the period :	0	-	5	19,708
100% fully franked (2014: 100%)				

The tax rate at which dividends have been franked is 30% (2014: 30%).

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Notes to the financial statements
for the half-year ended 31 December 2015

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 2015	31-Dec 2014
	\$	\$
Operating activities:		
- services commissions	-	85,169
Non-operating activities:		
- insurance proceeds	-	106,754
Total expenses	-	(131,041)
Profit/(loss) after income tax expense	-	60,882

Insurance proceeds were recovered following the attempted robbery on the Waroona ATM on 26 May 2014.

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 2015	31-Dec 2014
	\$	\$
Net cash used by operating activities	-	(18,580)
Net cash used in financing activities	-	(15,910)
Net cash consumed by discontinued operations	-	(34,490)

Pinjarra Community Financial Services Limited
ABN 31 097 389 547
Notes to the financial statements
for the half-year ended 31 December 2015

	31-Dec 2015 \$	30-Jun 2015 \$
Note 7. Borrowings		
Current:		
Chattel mortgage	5,403	6,139
Bank loans	17,064	-
	<u>22,467</u>	<u>6,139</u>
Non-Current:		
Chattel mortgage	11,174	13,035
Bank loans	103,296	-
	<u>114,470</u>	<u>13,035</u>

Bank loans are repayable monthly with minum repayments of \$1,422 the first installment was paid on 17 January 2016. Interest is recognised at an average rate of 7.3% (2014: Nil). The loans are secured by a fixed and floating charge over the company's assets.

The Chattel mortgage is repayable monthly with the final instalment due in November 2018. Interest is recognised at an annual rate of 5.22%. The mortgage is secured by a fixed and floating charge over the company's assets.

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 2015 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 23rd day of February 2016.

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 2015, 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 2015 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.

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 2015 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
Dated: 23 February 2016



David Hutchings
Lead Auditor