Annual Report 2022

Pinewood Community Financial Services Limited

Community Bank Pinewood

ABN 26 099 420 050

Contents

Chairman's report

For year ending 30 June 2022

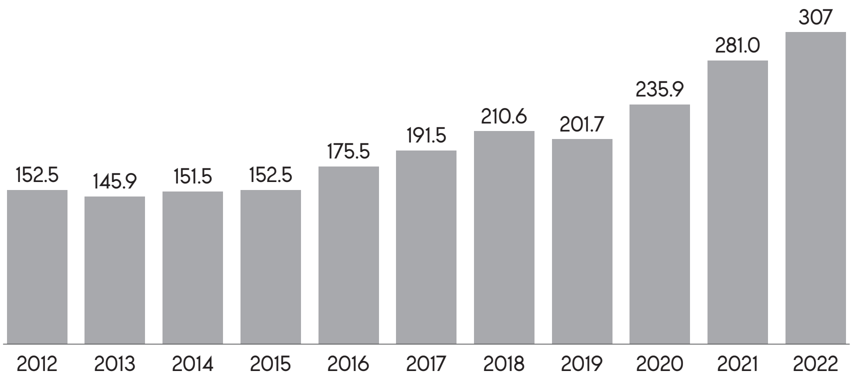
Dear Shareholders

We have had another eventful year at Pinewood Community Financial Services Limited (PCFSL) in 2021-22, and the future looks compelling. The pandemic was raging at the start of the year with Victoria in lockdown. In October, we won three Bendigo Bank regional awards, including 'Branch of the Year'. In November, our Chinatown Business Plan had progressed solidly with the opening of a new sales office in the central business district. We finished up the year with interest rates and profitability rising and the branch back to normal with an expanded staff.

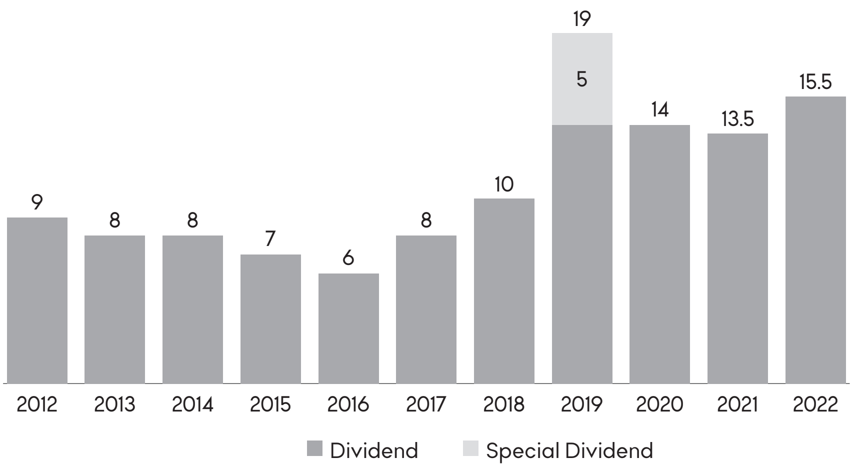
In the 2021-22 financial year, the sales and branch teams increased our footings (total loans and deposits) to $307 million, a 9.2% increase from the previous years' $281 million. While we did not quite reach the double-digit growth of previous years, this was still a very pleasing result with total footings doubling in my seven years as Chairman. Total loans now exceed $100 million for the first time in the branch's history. Furthermore, we expanded the sales team, promoting Paul Lai into a business development role based in the Chinatown office. Congratulations Paul!

While low interest rates continued to provide revenue headwinds for most of the 2021-22 financial year, this situation had turned around as interest rates started increasing in May 2022. Together with business growth, this increase in interest rates helped us achieve revenue and earnings growth vs 2020-21 of 15.7% and 29.9% respectively. I am delighted to announce that shareholders will receive a dividend of 15.5 cents per share this year, an increase of 14.8% from the previous year. While interest rates are expected to continue increasing in the next financial year, we expect competition for customers will likely also increase, requiring greater marketing investments to maintain and grow our customer base.

Footings growth ($million) years ending June 2012 - June 2022



Dividend per share (cents) years ended June 2012 - June 2022



Chairman's report (continued)

Over the past three years, Peter Pan, our Executive Director Business Development, has steadily built a marketing presence and customer base from the Chinese community. In 2021, this customer base had grown enough that Bendigo and Adelaide Bank approved the opening of a sales office in Melbourne's Central Business District. Following an extensive search, we opened an office on Lonsdale Street in November 2021. This business continues to grow at a rapid double-digit rate, and we are hopeful to commence a full franchise operation in 2023. I would like to congratulate Peter on his continued achievements in working towards the establishment of a Chinatown Community Bank franchise.

In October 2021, Charles Kovess was unable to continue as a Director due to other commitments. We thank Charles for his substantial contributions in Marketing and Community Engagement, including host of our Pitch Night, host of the 'Monash Community Podcast' and much more. We also had two new Directors join the team, Jason Dong and Debby Chiang. Jason is an experienced company director and financial services executive having served (or serving) on the Boards of Alinta Energy, Australian Dairy Nutritional's Group (ASX: AHF) and many industry advisory panels. Jason is assisting Peter Pan in the development of our Chinatown Sales Office. Debby is very active in local community groups including Monash Rotary, Pinewood Primary School Board, and she has also been a local trader. Welcome Jason and Debby!

Our branch staff saw a number of changes during the year including Paul Lai's move to the Chinatown office and new staff member Amit Narayan joined us as a Customer Service Officer. We now have three staff members writing new loans. One of our longest serving employees, Cathy Torpy, reduced her hours while Emily Cheng increased hers. I am exceptionally pleased with both the leadership and teamwork of the branch management and staff. Louise Gracey continues to do an outstanding job as our Marketing & Sponsorship Co-ordinator as well as Executive Officer to the Board.

During the year, our Board and branch leadership team held a number of sessions to develop a Vision and Mission statement for the business. This was a collaborative effort facilitated by a consultant. The Board has now approved the following Vision and Mission for Community Bank Pinewood and we trust this is in line with our shareholders expectations.

Our VISION

To be the local bank branch of choice, enabling our local communities, customers, employees, and shareholders to benefit from our prosperity

Our MISSION

To provide customers with high quality Bendigo Bank banking products and personalised service.

To improve our local community's prosperity.

To develop long term relationships with our local community.

To continuously develop the leadership and professional skills of our staff.

To reward our shareholder for their investment.

Finally, I would like to thank all Directors for their support of the business and of me as Chairman. Community Bank Pinewood has continued to grow and prosper through one of the most difficult periods in Australia's history. The advice and support that Directors provided through this period has been a big contributor to our success and has continued to provide motivation for me in my role. I am looking forward to the year ahead and to dealing with the many sales and operational challenges that we will face. Our business development activities and rising interest rates should help to grow revenue and profitability in the 2022-23 financial year.

Yours sincerely

Robert Davies
Chairman

Managers' report

For year ending 30 June 2022

Dear Shareholders

As we reflect on what has been a year of both uncertainty and recovery, we are happy to report that our strategic foresight and solid foundations put in place over the last few years enabled Community Bank Pinewood to incisively navigate the complexities presented by the operating landscape. As a result, the branch has emerged as an increasingly agile and responsive organisation, demonstrating strong resilience to numerous external headwinds.

In 2021, we were able to focus on the sustainability of our customers while supporting the physical and mental wellbeing of our employees, optimising our operational efficiencies. The branch also delivered record profit and shareholder returns while remaining well capitalised and liquid.

As new dynamics continued to reshape our operating landscape we continued our growth in loans, deposits and customer numbers, with the total number of customers increasing 12% to a record 4,391. Total lending increased by 13.89% from the prior year and the deposit book grew by 10.27% over the year. Total business on the books grew from $281 million to $30 million which is a growth of 9.2% on the prior year.

The culturally diverse Monash community continues to be at the core of who we are at Community Bank Pinewood. With the support of our customers and shareholders we have been instrumental in strengthening the arts, improving educational outcomes, creating better sporting facilities and growing healthy places for our community to live and work.

As mentioned in, Bendigo Bank's, Annual report:

> "We are Australia's most trusted bank and stand out with our leading customer advocacy and satisfaction scores. Our purpose of feeding into the prosperity of the community, and not off it, sets us apart and gives us a competitive edge."

We are very proud that we were named the Branch of the Year for 2021 at our Regional Awards ceremony. In addition, we also received awards for Sales Growth and Community Engagement.

We would like to extend our gratitude to the Chairman and Directors on the Board for their valuable counsel extended over the years. We have been truly privileged to lead the team at Community Bank Pinewood and extend our deepest appreciation to Paul Tyson, Cathy Torpy, Paul Lai, Emily Cheng, Amit Narayan and Rhiannon Clay. We would also like to thank Louise Gracey our Marketing and Sponsorship Coordinator/Executive Officer for her valuable contribution. Our gratitude also goes out to all our customers, business partners and other stakeholders for their support and loyalty over the years.

Finally, we offer a heartfelt thank you to the numerous referrers and community groups that refer customers to us. We look forward to their continued support and to the year ahead.

Yours sincerely

Indu Dehipola
Branch Manager

Suraj Ranaraja
Business Development Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2022

Your Directors submit their report of the Company for the financial year ended 30 June 2022.

Directors

The names and details of the Company's Directors who held office during the financial year are:

Robert Davies

Director/ Board Chair/ Investment Committee Member/ Audit & Governance Committee Member/ Community Engagement Committee Member / Chinatown Community Engagement Committee Member

Robert was a Councillor in the City of Monash having been elected from the Mulgrave Ward in 2012 and 2016. He has over 20 years of executive and board experience across the commercial, public, and not-for-profit sectors with experience in the financial services/banking, telecommunications, FMCG and local government sectors. Robert is a graduate member of the Australian Institute of Company Directors (GAICD). He joined the Board in 2013 and was elected Chairman in 2015.

Appointed 28 August 2013

Sharyn Cowley

Director/ Company Secretary/ Audit & Governance Committee Chair/ Investment Committee Member

Sharyn has a Bachelor of Arts, a Bachelor of Laws (Hons) and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors (GAICD). Sharyn is a corporate lawyer and Company secretary with over 20 years' experience in the financial services industry.

Appointed 27 July 2015

Annabelle Jill Lane

Director/ Human Resources Committee Chair

Anna has a Masters of Human Resource Management. She has over 26 years' experience in human resource management including running her own business servicing a broad range of organisations including in the not-for-profit, education, insurance, medical, legal, financial and building sectors.

Appointed 28 September 2015

Jamie Bedelis

Director/ Investment Committee Member

Jamie has a Bachelor of Laws and operates his own legal practice in the Pinewood Shopping Centre. Raised in Mount Waverley, his family has strong ties to the Pinewood Community having owned a business in the Pinewood Shopping Centre from 1960 until 2000.

Appointed 31 March 2016

Directors (continued)

Peter Yong Pan

Director/ Community Engagement Committee Member / Chinatown Community Engagement Committee Chair

Peter has worked in the property development industry for the past 15 years and also runs an import/export trading business. He has also been involved in local school parents associations. He is currently leading our efforts to strengthen the Company's engagement with ethnic Chinese community groups.

Appointed 9 August 2017

Susane Cornelissen

Director/ Community Engagement Committee Member / Human Resources Committee Member

Sue holds a Bachelor of Arts and a Graduate Diploma in Management and has over 35 years' experience in customer service management and contact centre operations, in the telecommunications, electricity and gas industries. She has over 10 years community service experience as a member, including 1 year as president, of the Rotary Club of Waverley, and has participated in projects both in the local community and internationally. Having lived in the Pinewood area for over 25 years, including when the Pinewood Community Bank Branch opened, Sue has strong links to the local Monash community.

Appointed 26 November 2018

Charles Kovess

Director/ Community Engagement Committee Member

Charles holds a Bachelor of Laws (Hons) and a Master of Laws. He practised as a commercial lawyer for 20 years. In 1993 he changed careers to establish a business as a professional speaker, executive coach, author and educator. Charles is the chief executive officer of Textile & Composite Industries Pty Ltd, providing processing machinery for the industrial hemp industry globally. He is the president of the Australia-Hungary Chamber of Commerce, a director of the Kids Foundation Ltd, chairman of the Australian Institute of Comedy, and the leader of a number of community organisations.

Appointed 22 January 2019

Resigned 20 October 2021

Bronson Justus

Director / Community Engagement Committee Member/ Audit & Governance Committee Member

Bronson is a passionate leader in both business and sportingsectors where he is actively involved with theEastern Lions andMount WaverleyCity Soccer Clubs and is chairperson of theGardiners Creek Reserve Committee. He brings a wealth of knowledge in risk, governance and insurance to the PCFS Board. Bronson is currently General Manager and Public Sector trading board member at an international insurance broking and risk firm.

Appointed 6 January 2020

Directors (continued)

Stephen Pewtress

Director/ Community Engagement Committee Chair / Human Resources Committee Member

Stephen founded and controls a successful international trading company with operational locations across Australia and New Zealand with the head office based in Mulgrave. He is an active community person across the City of Monash and is currently President of the Waverley Blues Football Netball Club. Stephen has a diverse working history and carries significant commercial experience around contracting that involves people and specialised equipment globally.

Appointed 21 September 2020

Dwayne Wathen

Director / Treasurer / Audit & Governance Committee Member / Investment Committee Member Chair

Dwayne has a Bachelor of Commerce and is a Chartered Accountant with over 15 years experience working with professional accounting firms, listed companies and more recently with elite national sporting bodies. In these roles he has also acted as Company Secretary for various Foundations and not-for-profit organisations. Dwayne is a Life Member of the Waverley Blues Football Netball Club where he's been an active member of the playing group and committee.

Appointed 21 September 2020

Jason Dong

Director / Community Engagement Committee Member / Chinatown Community Engagement Committee Member

Jason has two decades' experiences in developing business across Australia and Asia; he has rich management skills and extensive industry and government networks ranging from mining, energy, agricultural, education, finance, machinery, media to retail, sports, etc. His family lives in Mount Waverley with two children studying with Huntingtower School.

Appointed 17 August 2021

Debby Chiang

Director / Community Engagement Committee Member

Debby holds a Bachelor of Commerce in Human Resource Management and Advertising Promotions Management and has recently returned to undertake her Masters in Art Therapy. Debby has over 20 years of Community work experience in Sydney and Melbourne. Currently, she is a school council member at Pinewood Primary and an active member of Rotary Club of Monash.

Appointed 5 May 2022

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the Company for the financial year after provision for income tax was $93,357 (2021 profit: $85,679).

In October 2021 the Company opened a Sales and Campaign office in Chinatown in Melbourne's CBD. This office is intended to further develop the Company's relationships with the ethnic-Chinese community through a Chinatown Community Bank Campaign.

Dividends

	Year ended 30 June 2022	
	Cents per share	$
Final dividends declared:		
- Fully franked dividends	13.50	74,363
Dividends paid in the year:		
- Fully franked dividends as declared in the prior year report	13.50	74,363

Declaration Date: 30 August 2021

Record Date: 17 September 2021

Payment Date: 30 September 2021

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Likely developments

The Company will continue providing banking services to the Pinewood community. The Chinatown initiative will be further developed which may result in a second franchise agreement servicing this market.

Environmental regulations

The Company is not subject to any significant environmental regulation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

Proceedings on behalf of Company

No person has applied for leave of the court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors benefits

Directors have been reimbursed or received payments to related entities for the following:

	Directors Benefits	$
Robert Davies	Australian Institute of Company Directors (AICD) fees	605
Sharyn Cowley	Australian Institute of Company Directors (AICD) fees	605
Bronson Justus	Australian Institute of Company Directors (AICD) fees	605

Remuneration report

Directors are paid a fee of $3,600 p.a., a portion of which is contingent on meeting a number of key performance criteria including attendance at Board and Committee meetings and community events. Those Directors holding the positions of Company Secretary, Treasurer, the Chair of the Human Resources Committee and the Chair of the Community Engagement Committee are paid an additional fee of $4,000 p.a. to reflect their expertise, additional responsibility and workload. The Chairman is paid $9,000 p.a. with an additional bonus of $9,000 p.a. contingent on meeting performance criteria. Directors fees for the period are inclusive of superannuation guarantee contributions.

The names of Directors who have held office during the year ended 30 June 2021 and the Directors fees paid are:

	2022 $	2021 $
Robert Davies	18,000	18,000
Yi Yu (resigned 3 September 2020)	-	1,433
Sharyn Cowley	7,500	6,600
Annabelle Lane	7,600	6,600
Jamie Bedelis	3,100	3,500
Peter Pan	3,600	3,600
Shruti Verma (resigned 30 June 2021)	-	3,600
Susane Cornelissen	3,500	3,600
Charles Kovess (resigned 20 October 2021)	1,233	3,600
Bronson Justus	5,600	4,600
Dwayne Wathen	7,500	5,565
Stephen Pewtress	5,300	3,332
Jason Dong	2,867	-
Debby Chiang	667	-

The current Business Development Manager, Suraj Ranaraja and Branch Manager, Indu Dehipola are not considered as key management personnel as they do not plan, direct and control the activities of the Company. Accordingly, their remuneration is not required to be disclosed. These functions are carried out by the Board of Directors.

Share options granted to directors and senior management

During and since the end of the financial year, a total of 100,000 share options were granted to Directors and other key management personnel as follows. Robert Davies has an option, subject to conditions, to purchase 50,000 shares prior to June 2025. Peter Pan has an option, subject to conditions, to purchase 50,000 shares prior to June 2025. No options have been exercised at the date of this report.

Indemnifying officers or Auditor

The Company indemnifies each Director and Officer out of the assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or a lack of good faith. The Company has taken out Directors & Officers insurance cover for the benefit of Directors and Officers of the Company. The policy provides cover for all defence costs and other losses which a Director or Officer may not be indemnified by the Company and becomes legally obligated for during the policy period for a wrongful act committed, attempted or allegedly committed or attempted.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality provision of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company.

Directors' meetings

The number of Directors meetings held during the year were 12. Attendances by each Director during the year were as follows:

	Board Meetings Attended		Committee Meetings Attended							
			Audit & Governance Committee		Investment Committee		Human Resources Committee		Community Engagement Committee	
	E	A	E	A	E	A	E	A	E	A
Robert Davies	12	12	3	3	2	2	-	-	12	12
Sharyn Cowley	12	12	3	3	2	2	-	-	-	-
Annabelle Lane	12	12	-	-	-	-	11	11	-	-
Jamie Bedelis	12	10	-	-	2	2	-	-	-	-
Peter Pan	12	11	-	-	-	-	-	-	12	11
Susane Cornelissen	12	9	-	-	-	-	11	11	4	4
Charles Kovess	3	3	-	-	-	-	-	-	12	12
Bronson Justus	12	11	3	3	-	-	-	-	12	12
Dwayne Wathen	12	11	3	3	2	2	-	-	-	-
Stephen Pewtress	12	7	-	-	-	-	6	3	12	8
Jason Dong	11	9	-	-	-	-	-	-	11	5
Debbie Chiang	2	2	-	-	-	-	-	-	1	1

E = Eligible
A = Attended

Company Secretary

The Company Secretary is Sharyn Cowley.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 12 of this financial report. No officer of the Company is or has been a partner of the Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors at Mount Waverley on 2nd September 2022.

Robert Davies
Chairman

Dwayne Wathen
Director/ Treasurer

Auditor’s independence declaration

YOUR FUTURE
OUR BUSINESS

MVA Bennett

PINEWOOD COMMUNITY FINANCIAL SERVICES LIMITED
(A.B.N. 26 099 420 050)

AUDITOR’S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE MEMBERS OF PINEWOOD COMMUNITY FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

MVA Bennett

MVA BENNETT
Chartered Accountants
Level 5, North Tower,
485 La Trobe Street,
Melbourne Vic 3000

SHAUN EVANS
Partner

Dated: 2 September 2022

Incorporating MVA Bennett Pty Ltd (ABN 90 623 319 022) & MVA Bennett (ABN 48 647 105 185) & The Bennett Group Pty Ltd (41 156 082 969) & MV Anderson & Co

Liability limited by a scheme approved under Professionals Standards Legislation

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An independent member of Walker Wayland Australasia Limited

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Revenue			
Revenue	2	1,350,323	1,166,457
Expenses			
Administration costs		258,031	241,594
IT expenses		41,744	44,954
Occupancy costs		31,196	29,731
Employee benefits expense	3	648,021	566,409
Depreciation and amortisation expense	3	145,726	117,763
Finance costs	3	24,914	13,617
Other expenses		4,314	5,675
Operating profit before charitable donations & sponsorships		**196,377**	**146,714**
Charitable donations and sponsorships		76,201	54,278
Profit before income tax expense		**120,175**	**92,436**
Income tax expense	4	26,818	6,757
Net Profit for the year		**93,357**	**85,679**
Other comprehensive income		-	-
Total comprehensive income		**93,357**	**85,679**
Profit attributable to members of the entity		**93,357**	**85,679**
Total comprehensive income attributable to members of the entity		**93,357**	**85,679**
Earnings per share (cents per share)			
- basic for profit for the year	23	16.95	15.55
- diluted for profit for the year	23	16.95	15.55

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2022

	Notes	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	6	581,598	573,050
Trade and other receivables	7	147,535	101,665
Current tax assets	4	-	6,734
Other assets	8	202,901	168,335
Total current assets		**932,033**	**849,783**
Non-current assets			
Property, plant and equipment	9	66,592	87,319
Right-of-use assets	10	77,595	90,925
Intangible assets	11	-	11,019
Deferred tax asset	4	77,971	67,336
Total non-current assets		**222,157**	**256,599**
Total assets		**1,154,190**	**1,106,382**
Liabilities			
Current liabilities			
Trade and other payables	12	121,601	118,808
Current tax liabilities	4	24,514	-
Lease liabilities	13	59,573	78,583
Employee benefits	14	86,794	76,534
Total current liabilities		**292,482**	**273,925**
Non current liabilities			
Trade and other payables	12	-	-
Lease liabilities	13	13,287	8,028
Provisions	15	24,167	19,167
Deferred income tax	4	-	-
Total non current liabilities		**37,454**	**27,195**
Total liabilities		**329,936**	**301,120**
Net assets / (liabilities)		**824,255**	**805,262**
Equity			
Issued capital	16	569,315	569,315
Retained earnings		254,940	235,947
Total equity		**824,255**	**805,262**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Issued capital			
Balance at start of year		569,315	569,315
Issue of share capital		-	-
Share buy-back		-	-
Share issue costs		-	-
Balance at end of year		**569,315**	**569,315**
Retained earnings			
Balance at start of year		235,947	227,388
Net profit for the year		93,357	85,679
Dividends paid	24	(74,363)	(77,118)
Balance at end of year		**254,940**	**235,947**

The accompanying notes form part of these financial statements.

Statement of Cash Flow
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		1,401,722	1,187,915
Payments to suppliers and employees		(1,209,835)	(1,065,332)
Interest received		2,078	4,987
Cashflow boost received		-	56,222
Other income received		27,539	10,867
Interest paid		-	-
Lease Finance		66,839	-
Lease payments (interest component)		(9,010)	(8,617)
Income tax refunded (paid)		(2,970)	335
Net cash flows from operating activities	**17b**	**276,363**	**186,377**
Cash flows used in investing activities			
Purchase of property, plant & equipment		(100,650)	-
Investments in listed securities		(39,171)	(36,871)
Payments for intangible assets			
Net cash flows used in investing activities		**(139,821)**	**(36,871)**
Cash flows used in financing activities			
Dividends paid as declared in the prior year report		(74,363)	(77,118)
Share issue cost		-	-
Lease payments (principle component)		(53,631)	(77,158)
Net cash flows used in financing activities		**(127,994)**	**(154,276)**
Net increase in cash held		8,548	(4,769)
Cash and cash equivalents at start of year		573,050	577,819
Cash and cash equivalents at end of year	**17a**	**581,598**	**573,050**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

1. Summary of significant accounting policies

(a) Basis of preparation

Pinewood Community Financial Services Limited (Company) is domiciled in Australia. The financial statements for the year ending 30 June 2022 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community bank services.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value method for furniture and fittings and the prime cost method for leasehold improvements, over the estimated useful life of the asset, as follows:

Class of asset	Depreciation rate
Leasehold improvements	5 - 10%
Furniture & fittings	3.75 - 50%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Impairment (continued)

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(d) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(i) Revenue

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank. The Company delivers banking and financial services of Bendigo and Adelaide 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.

1. Summary of significant accounting policies (continued)

(i) Revenue (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 and Adelaide 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 Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the Company – margin, commission and fee income.

The revenue earned by the Company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo and Adelaide Bank Group 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 and Adelaide Bank branded home loans, term deposits and at call deposits.

Margin

Margin 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 and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

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 Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the Company receives. A change may occur as a result of changes in industry or economic conditions or the way Bendigo and Adelaide Bank Limited 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. The effect of the change on the revenue earned by the Company is entirely dependent on the nature and extent of the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the Company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the Company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the changes that Bendigo and Adelaide Bank Limited may make.

1. Summary of significant accounting policies (continued)

(i) Revenue (continued)

Ability to change financial return (continued)

Bendigo and Adelaide Bank Limited must give the Company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between community bank companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the community bank model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(k) Application of new and amended accounting policies

The board has approved a capitalisation threshold policy of $1,000 for any new asset purchases. As part of this capitalisation policy any low value assets have been written off to ensure the fixed assets of the company remain of material balances.

The impact of the adoption of this Standard and the respective accounting policies is disclosed below.

Asset write-off

Any existing assets with a cost under $1,000 or a written down value under $100 have been expensed to an asset write-off expense.

Impact on comparatives

The Company has applied the asset write-off using the modified retrospective approach. Accordingly, the comparative information has not been restated.

(l) Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(m) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Income tax

The Company is subject to income tax. Significant judgement is required in determining the provision for income tax.

Impairment

The Company assesses impairment at the end of each reporting period by calculating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(q) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

(ii) Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

The Company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(ii) Financial Assets (continued)

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The Company's investments in equity instruments are measured at FVTPL unless the Company irrevocably elects at inception to measure at FVOCI.

Derecognition

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.
- financial assets measured at fair value through profit of loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses 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, all discounted at the original effective interest rate of the financial instrument.

The Company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Notes to the financial statements (continued)

	2022 $	2021 $

2. Revenue and other income

Revenue		
- services commissions	1,321,423	1,082,709
	1,321,423	**1,082,709**
Other revenue		
- dividends and other investment income	17,259	3,336
- interest received	2,000	3,301
- other income	9,640	7,280
- cashflow boost	-	36,640
- unrealised investment income	-	31,213
- capital gain	-	1,978
	28,899	**83,748**
Total revenue	**1,350,323**	**1,166,457**

3. Expenses

Employee benefits expense		
- wages and salaries	540,381	471,463
- superannuation costs	53,028	43,762
- workers' compensation costs	1,950	1,864
- other costs	52,663	49,320
	648,021	**566,409**
Depreciation of non-current assets:		
- furniture & fittings	4,462	5,637
- leasehold improvements	19,340	19,356
- right-of-use assets	110,238	77,936
- asset write-off	-	3,815
- plant & equipment	667	-
Amortisation of non-current assets:		
- intangible assets	11,019	11,019
	145,726	**117,763**
Finance costs:		
- lease interest expense	11,882	8,617
- make good asset interest expense	5,000	5,000
- ATO Interest paid	-	-
- unrealised investment loss	8,032	-
	24,914	**13,617**
Bad debts	**150**	**12**

	2022 $	2021 $

4. Income tax expense

	2022 $	2021 $
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 25% (2021: 26%)	30,044	24,033
Add / (Less) tax effect of:		
- Non-deductible expenses	68,978	54,783
- Taxable Capital Gains	-	257
- Grossed up dividend	1,764	225
- Non-assessable income	-	(18,156)
- Other deductible expenses	(56,276)	(46,305)
- Movement in deferred tax		-
- Net benefit of franking credits on dividends received		-
Current income tax expense	**44,510**	**14,837**
The applicable weighted average effective tax rate is	37%	16%
Current income tax expense	44,510	14,837
Origination and reversal of temporary differences	(10,635)	(7,215)
Net benefit of share issue costs		-
Net benefit of franking credits on dividends received	(7,057)	(865)
Recognition of previously unrecognised benefit of franking credits on dividends received		-
Income tax expense	**26,818**	**6,757**
Tax Balances		
Current tax liability / (asset)	**24,514**	**(6,734)**
Deferred tax asset	**77,971**	**67,336**
Deferred tax liability	**-**	**-**

5. Auditors' remuneration

	2022 $	2021 $
Remuneration of the auditor for:		
- Audit or review of the financial report	**6,400**	**6,250**

6. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	266,699	223,050
Short term bank deposits	314,899	350,000
	581,598	**573,050**

The effective interest rate on short term bank deposits was 0.5% (2020: 1.75%)

	2022 $	2021 $

7. Trade and other receivables

Current		
Trade debtors	146,555	92,719
Accrued interest	979	1,057
Sundry debtors	-	7,888
	147,535	**101,665**

8. Other Assets

Investments in listed securities	195,178	160,846
Prepayments	7,723	7,489
	202,901	**168,335**

9. Property, plant and equipment

Leasehold improvements		
At cost	202,465	202,465
Less accumulated depreciation	(174,393)	(155,053)
	28,072	**47,412**
Furniture & Fittings		
At cost	147,460	147,460
Less accumulated depreciation	(112,016)	(107,553)
	35,444	**39,907**
Plant & Equipment		
At cost	3,743	
Less accumulated depreciation	(667)	
	3,076	
Total written down amount	**66,592**	**87,319**
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	47,412	66,769
Additions	-	-
Disposals	-	-
Depreciation expense	(19,340)	(19,357)
Carrying amount at end of year	**28,072**	**47,412**
Furniture & fittings		
Carrying amount at beginning of year	39,906	49,360
Additions	-	-
Disposals	-	(3,815)
Depreciation expense	(4,462)	(5,639)
Carrying amount at end of year	**35,444**	**39,906**

	2022 $	2021 $

9. Property, plant and equipment (continued)

Movements in carrying amounts (continued)		
Plant & Equipment		
Carrying amount at beginning of year	-	-
Additions	3,743	-
Disposals	-	-
Depreciation expense	(667)	-
Carrying amount at end of year	**3,076**	**-**

10. Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The Company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

	2022 $	2021 $
Leased buildings		
At cost	343,704	246,797
Less accumulated depreciation	(266,109)	(155,872)
	77,595	**90,925**
Total written down amount	**77,595**	**90,925**
Movements in carrying amounts		
Leased buildings		
Carrying amount at beginning	90,925	168,861
Additional	96,907	-
Initial recognition on transition	-	-
Accumulated depreciation on adoption		
Depreciation	(110,237)	(77,936)
Carrying amount at end	**77,595**	**90,925**

11. Intangible assets

Franchise fee		
At cost	55,093	55,093
Less accumulated amortisation	(55,093)	(44,074)
	-	**11,019**

	2022 $	2021 $

12. Trade and other payables

	2022 $	2021 $
Current		
Other payables	46,706	43,247
Accrued expenses	68,062	58,591
Liability to Bendigo (Franchise & Training Fee)	-	13,330
Unpaid Dividends	6,833	3,640
	121,601	**118,808**
Non-Current		
Liability to Bendigo (Franchise & Training Fee)	**-**	**-**
	-	**-**

13. Lease Liabilities

The Company's lease portfolio include its branch premises. The lease term is as below: - a non-cancellable term of 5 years plus an option of 5 years.

The option to extend is contained in the clauses of lease agreement. This clause provide the Company with opportunity to manage lease in order to align with its strategies. The extension option is only exercisable by the Company.

Lease liability was 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 on the adoption date. The discount rate used was 3.77%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The Company has estimated remaining lease terms excluding the effect of renewal option as it's not expected to be exercised.

	2022 $	2021 $
Current:		
Lease Liability	62,188	87,200
Unexpired interest	(2,615)	(8,617)
	59,573	**78,583**
Non-current		
Lease Liability	13,500	9,465
Unexpired interest	(213)	(1,437)
	13,287	**8,028**
Impact on the current reporting period:		
Lease liabilities		
Initial recognition on adoption	86,611	163,770
Additional	63,575	-
Interest expense	11,882	8,617
Payments	(89,207)	(85,776)
Lease liabilities as at 30 June 2022	**72,860**	**86,611**

	Note	2022 $	2021 $

13. Lease Liabilities (continued)

Impact on the current reporting period (continued):			
Maturity analysis			
- not later than 12 months		59,573	78,583
- between 12 months and 5 years		13,287	8,028
		72,860	**86,611**

14. Employee Benefits

	Note	2022 $	2021 $
Current			
Annual leave	14 (b)	62,218	51,373
Long service leave	14 (b)	24,576	25,161
		86,794	**76,534**
Number of employees at year end		**9**	**8**
(a) Movement in employee benefits			
Opening balance		76,534	66,188
Additional provisions recognised		43,269	26,632
Amounts utilised during the year		(33,009)	(16,286)
Closing balance		**86,794**	**76,534**

(b) Provision for employee benefits

Provision for employee benefits represents amounts provided for annual leave and long service leave.

The current portion for this provision includes the total amount provided for annual leave entitlements and the amounts provided for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

15. Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

	2022 $	2021 $
Make-good on leased premises	24,167	19,167
	24,167	**19,167**

15. Provisions (continued)

Make-good provision

In accordance with the branch lease agreements, the Company must restore the leased premises to their original condition before the expiry of the lease term.

	2022 $	2021 $
Provision		
Balance at the beginning	19,167	14,167
Initial recognition on transition	-	-
make-good costs recognised	5,000	5,000
	24,167	**19,167**

16. Share capital

	2022		2021	
	Number	$	Number	$
Ordinary Shares-fully paid	550,840	575,840	550,840	575,840
Less: Share issue costs	-	(6,525)	-	(6,525)
	550,840	**569,315**	**550,840**	**569,315**

Movements in share capital

No movements in share capital occurred during the 2022 financial year.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

	2022 $	2021 $

17. Statement of cash flows

	2022 $	2021 $
(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
Cash at bank and on hand	581,598	573,050
As per the statement of cash flow	**581,598**	**573,050**
(b) Reconciliation of profit after tax to net cash provided from operating activities		
Profit after income tax	93,357	85,679
Non cash items		
- Depreciation	134,707	102,929
- Amortisation	11,019	11,019
- Unpaid Dividends	3,193	3,640
- Unrealised investment loss / (income)	8,032	(33,978)
- Make good asset provision	3,333	5,000

	2022 $	2021 $
17. Statement of cash flows (continued)		
(b) Reconciliation of profit after tax to net cash provided from operating activities (continued)		
Changes in assets and liabilities		
- (Increase) decrease in prepayments	(234)	852
- (Increase) decrease in receivables	(53,836)	(7,084)
- (Increase) decrease in deferred tax asset	(10,635)	(7,215)
- Increase (decrease) in income tax	31,248	14,307
- Increase (decrease) in payables	2,793	3,560
- Increase (decrease) in employee benefits	10,260	10,346
- Increase (decrease) in other assets/liabilities	43,126	(2,678)
Net cash flows from operating activities	**276,363**	**186,377**

18. Director and related party transactions

The names of Directors who have held office during the financial year are:

Robert Davies	Charles Kovess (resigned 20 October 2021)
Sharyn Cowley	Bronson Justus
Annabelle Lane	Stephen Pewtress
Jamie Bedelis	Dwayne Wathen
Peter Pan	Jason Dong
Susane Cornelissen	Debby Chiang

Fees paid to Directors are disclosed in the Remuneration Report.

Share options granted to directors and senior management

During and since the end of the financial year, a total of 100,000 share options were granted to Directors and other key management personnel as follows. Robert Davies has an option, subject to conditions, to purchase 50,000 shares prior to June 2025. Peter Pan has an option, subject to conditions, to purchase 50,000 shares prior to June 2025. No options have been exercised at the date of this report.

The Company's main related parties are as follows:

(a) Key management personnel

Any persons having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that Company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the Company.

18. Director and related party transactions (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Pinewood Community Financial Services Limited held by each key management personnel of the Company during the financial year are as follows:

Directors' shareholdings	2022	2021
Robert Davies (Associated interests)	45,000	45,000
Peter Pan	20,500	20,500
Susane Cornelissen	1,000	1,000
Jamie Bedelis (Associated interests)	10,000	10,000

19. Events after the reporting period

The COVID-19 outbreak has affected and will continue to affect economies, asset prices and business operations. The effects of COVID-19 on aspects of the Company's future operations and performance are difficult to predict. There have been no other events after the end of the financial year that would materially affect the financial statements.

20. Contingent liabilities and assets

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

21. Operating segments

The Company operates in the financial services sector where it provides banking services to its clients. The Company operates in the City of Monash & Melbourne CBD, Victoria. The Company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2021: 100%).

22. Company details

The registered office & principal place of business is: 65 Centreway, Mount Waverley, Victoria.

23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022 $	2021 $
Profit after income tax expense	**93,357**	**85,679**
Weighted average number of ordinary shares for basic earnings per share	**550,840**	**550,840**
Weighted average number of ordinary shares for diluted earnings per share	**550,840**	**550,840**

	2022 $	2021 $

24. Dividends paid or provided for on ordinary shares

	2022 $	2021 $
(a) Dividends proposed and not recognised as a liability		
Franked dividends - 13.5 cents per share	74,363	77,118
Special franked dividends - Nil	-	-
(b) Dividends paid during the year		
Prior year proposed final		
Franked dividends - 14 cents per share	74,363	77,118
	74,363	**77,118**
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the beginning of the financial year	241,412	246,936
– Franking credits that arose from the payment of current year PAYG income tax instalments	9,704	20,706
– Franking credits that arose from the payment of income tax payable as at the end of the last financial year	-	-
– Franking debits that arose from the payment of final dividends proposed as atthe end of the last financial year	(21,042)	(27,095)
– Unrecognised franking credits from franked dividends received prior periods	-	-
– Franking credits attached to franked dividends received	7,057	865
Franking account balance as at the end of the financial year	**237,131**	**241,412**
– Franking credits that will arise from the payment of income tax payable as at the end of the current financial year	-	-
– Franking debits that will arise from the refund of income tax refundable as at the end of the current financial year	(6,734)	(21,042)
– Franking debits that will arise from the payment of proposed dividends as at the end of the financial year	(24,788)	-
	205,609	**220,370**

The tax rate at which dividends have been franked is 25% (2021: 26%).

Dividend proposed will be franked at a rate of 25% (2021: 26%).

25. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, account receivables, investments in listed shares and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 as detailed in the accounting policies are as follows:

	Note	2022 $	2021 $
Financial assets			
Cash & cash equivalents	6	581,598	573,050
Trade and other receivables and prepayments	7	147,535	101,665
Investments	8	195,178	160,846
Total financial assets		**924,310**	**835,561**
Financial liabilities			
Trade and other payables	12	121,601	118,808
Total financial liabilities		**121,601**	**118,808**

Financial risk management policies;

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Governance Committee which regularly reports to the Board.

Specific financial risk exposure and management;

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the Company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) 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. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2022 $	2021 $
Cash and cash equivalents	581,598	573,050
Trade and other receivables	147,535	101,665
Investments	195,178	160,846
	924,310	**835,561**

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the Company are past due (2021: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

25. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2022	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	12	121,601	121,601	-	-
Total expected outflows		**121,601**	**121,601**	**-**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	581,598	581,598	-	-
Trade and other receivables	7	147,535	147,535	-	-
Other assets - security investments	8	195,178	195,178		
Total anticipated inflows		**924,310**	**924,310**	**-**	**-**
Net (outflow)/inflow		**802,710**	**802,710**	**-**	**-**

30 June 2021	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	118,808	118,808	-	-
Loans and borrowings		-	-	-	-
Total expected outflows		**118,808**	**118,808**	**-**	**-**
Financial Assets - realisable					
Cash & cash equivalents	6	573,050	573,050	-	-
Trade and other receivables	7	101,665	101,665	-	-
Other assets - security investments	8	160,846	160,846		
Total anticipated inflows		**835,561**	**835,561**	**-**	**-**
Net (Outflow)/Inflow		**716,753**	**716,753**	**-**	**-**

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2022 and 30 June 2021.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

The following table illustrates sensitivities to the Company exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

25. Financial risk management (continued)

(c) Market risk (continued)

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2022		
+/- 1% in interest rates	**+/- 3,259**	**+/- 3,259**
Year ended 30 June 2021		
+/- 1% in interest rates	**+/- 3,113**	**+/- 3,113**

No sensitivity analysis has been performed on foreign exchange risk as the Company has no material exposure to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

(d) Price risk

The Company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The Company does not have any unrecognised financial instruments at year end.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

Under the Franchise Agreement with Bendigo and Adelaide Bank Limited, there is a limit on the profits that can be distributed to shareholders. In overview, the limit is the higher of:

(a) 20% of the profits of the Company otherwise available for distribution to shareholders (after adding back community contributions during the year) and

(b) the weighted average interest rate on 90 day bank bills plus 5% during the year, multiplied by the value of the share capital on issue at the end of the financial year.

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 year ended 30 June 2022 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

Directors' declaration

In accordance with a resolution of the Directors of Pinewood Community Financial Services Limited, the Directors of the Company declare that:

1 the financial statements and notes of the Company are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the Company's financial position as at 30 June 2022 and of the performance for the year ended on that date;

2 in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Robert Davies
Chairman

Dwayne Wathen
Director/ Treasurer

Signed at Mount Waverley on 2nd September 2022

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PINEWOOD COMMUNITY FINANCIAL SERVICES LIMITED
(A.B.N. 26 099 420 050)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINEWOOD COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pinewood Community Financial Services Limited (the company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion,

a. the financial report of Pinewood 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 2022 and of its financial performance for the year then ended; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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 opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 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 gives a true and fair view and 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 of the company 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 to cease operations, or have no realistic alternative but to do so.

Incorporating MVA Bennett Pty Ltd (ABN 90 623 319 022) & MVA Bennett (ABN 48 647 105 185) & The Bennett Group Pty Ltd (41 156 082 969) & MV Anderson & Co

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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. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures 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 an 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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.

MVA Bennett

MVA BENNETT
Chartered Accountants
Level 5, North Tower,
485 La Trobe Street,
Melbourne Vic 3000

SHAUN EVANS
Partner

Dated: 2 September 2022

Incorporating MVA Bennett Pty Ltd (ABN 90 623 319 022) & MVA Bennett (ABN 48 647 105 185) & The Bennett Group Pty Ltd (41 156 082 969) & MV Anderson & Co

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