

Annual Report 2023

Pinewood Community
Financial Services Limited



Community Bank
Pinewood

ABN 26 099 420 050



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Chairman's report

For year ending 30 June 2023



Dear Shareholders,

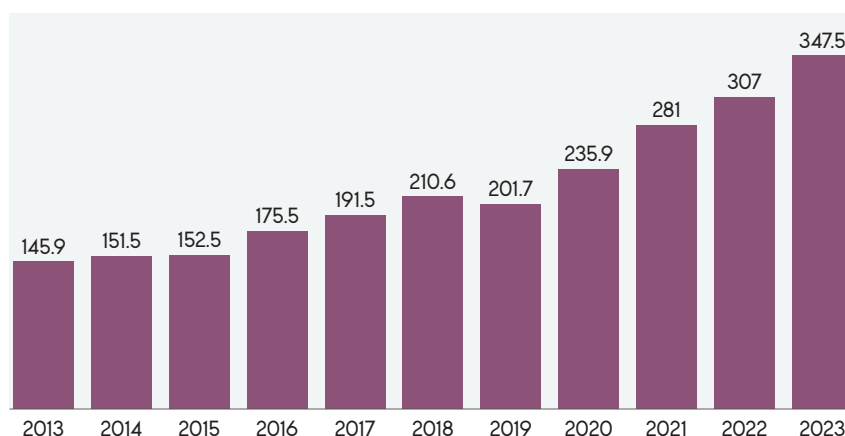
There is no better way to describe 2022/23 than it was a spectacular year for Pinewood Community Financial Services Limited and Community Bank Pinewood! Community Bank Pinewood has continued to build our customer base through increased loans and deposits, while the rapid rise in interest rates caused the Company's margin income to double from the previous year. This resulted in substantially higher community investments and contributions. We increased our spending on donations, grants, and sponsorships from \$76,201 in 2021/22FY to

\$530,730 for 2022/23FY! Our considerable contributions into Bendigo Bank's Community Enterprise Foundation will ensure support for local project funding well into the future.

In the 2022/23 financial year, Community Bank Pinewood increased loans and deposits to \$347.5 million which is a 13.2% increase over the prior year. The 2022/23 FY saw our highest ever level of loans and deposits (\$347 million), highest revenue (\$2.7 million), and highest net profit (\$628,000). It is my pleasure to announce a dividend of 36 cents per share fully franked will be paid to shareholders in the coming months. The Board has also approved a limited share buyback for which details will be advised separately. I congratulate the branch team on their outstanding sales success over many years. This growth in our financial performance in 2022/23 FY over the previous year is unlikely to occur again in the future as it was the rapid increase in interest rates that improved revenue so much. We have already seen this turnaround by the end of the year with monthly revenue dropping by 9% from May to June 2023.

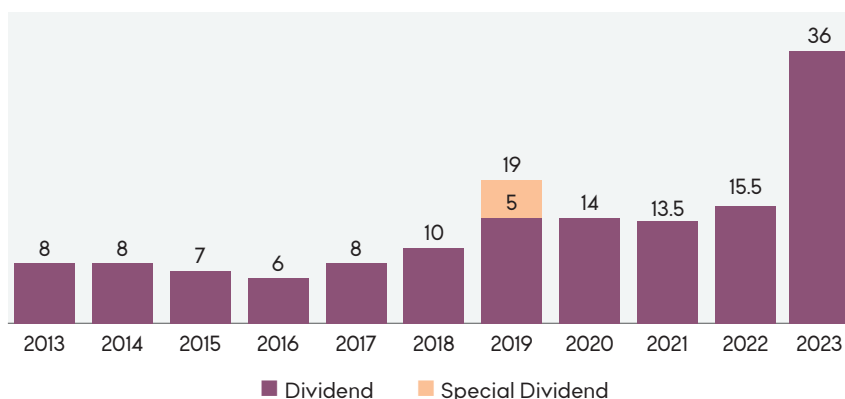
Jason Dong retired from the Board in December 2022 to pursue other business opportunities in the finance sector. We wish Jason every success with his business endeavours. In June 2023, Director Sue Cornelissen retired from the Board after serving two terms from 2018 to 2023. Sue was a fantastic community focused Director, developing and leading many initiatives such as our Scholarship program, the Sport and Life Training Program, and the Ericson Community Service Award.

Growth in Loans and Deposits (\$million) years ending June 2013 - June 2023



Chairman's report (continued)

Dividend per share (cents) years ended June 2013 - June 2023



Over the past four years, Director Peter Pan has progressed the goal of improving our brand awareness and relationship with new community groups. From a standing start, he has developed this marketing strategy through the pandemic period to where the Community Bank Pinewood team now has over 1000 customers and \$65 million of loans and deposits from these communities. In July 2023 following the end of the 2022/23 financial year, Peter decided to leave the Board for personal reasons. I would like to thank Peter for his commitment and dedication to developing these relationships with new communities that we will continue to build upon into the future.

During the year we celebrated our 20th birthday with a party at the branch and at the Mulgrave Country Club. They were fantastic events, and it was great to see so many people who retain goodwill to the business. Louise Gracey continued to organise great events including the birthday parties, Pitch events, Strategy Days, and so much more. Louise has now been with the business for over 11 years, and I would like to thank her for the great work she does on events, social media, and working with community groups as Marketing and Sponsorship Co-ordinator and for her work as Executive Officer for the Board of Directors.

In 2022 Cathy Torpy decided to leave Pinewood for personal reasons. Cathy worked for Community Bank Pinewood for 15 years and was a very valuable employee. Cathy will now have lots of time to listen to Bruce Springsteen songs and go to his concerts! Emily Cheng also moved to Bendigo Bank Business Banking which will provide new challenges for her career. We then welcomed Marina Kapotas and Jeremy Zhang to the branch team. Our Branch Manager Indu Dehipola has continued to provide strong and capable leadership to the team. Our Chinatown team includes Business Development Manager Paul Lai, Customer Service Officer Jeremy Zhang, and Marketing Co-ordinator Rose Yang.

Finally, I would like to thank all Directors for their support of the business, of our community, and of me as Chairman. Community Bank Pinewood has continued to grow and expand our footprint profitably and has remained community focused. Since the 2015/16 financial year when I took on the Chairmans responsibility, Community Bank Pinewood has contributed over \$1 million to our community in Donations, Grants and Sponsorships. The year ahead will continue to provide challenges and inspiration to build and strengthen our business and our community.

Yours sincerely

Robert Davies
Chairman

Manager's report

For year ending 30 June 2023



Dear Stakeholders,

As we continue on our journey that will help Community Bank Pinewood deliver on Bendigo Bank's vision of being Australia's bank of choice, we reflect on the achievements we have made during the last financial year.

During the year under review, we faced a new set of challenges with the conclusion of the low interest rate cycle. In spite of the challenging environment around us, we were single mindedly focused on delivering an exceptional banking experience to our customers. We sought a deeper connection with our discerning customers to redefine banking in both the physical space and the digital space.

As our operating landscape continuously changed Community Bank Pinewood continued our growth in loans, deposits and customer numbers, with the total number of customers increasing 8.2% to a record 4,069. Total lending increased by 17.2% on the prior corresponding year and the deposit book grew by 9.1% during the year. Total business on the books grew from \$307 million to \$347.5 million which is a growth of 13% on the prior corresponding year.

I'm proud of what we have achieved, and we are reminded once again of the important role we play in the Monash Community. This year Bendigo Bank's Community Bank model celebrates its 25th anniversary while Community Bank Pinewood celebrated its 20th year in the City of Monash. We were awarded the Community Engagement award for 2022 at our Regional Awards Ceremony and it is pleasing to note that this is the second year we have received this award.

I would like to thank our Board of Directors and the Vic Metro Support team at Bendigo Bank for the continued counsel and support extended to the branch team. I would also like to extend my gratitude to the team at Community Bank Pinewood, Suraj Ranaraja, Paul Tyson, Cathy Torpy, Paul Lai, Emily Cheng, Amit Narayan, Rhiannon Clay, Jeremy Zhang, Marina Kapotas and our Marketing and Sponsorship Coordinator/ Executive Officer Louise Gracey.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Indu Dehipola'.

Indu Dehipola
Branch Manager

Community contributions

Pinewood Community Financial Services Limited (PCFSL) funded 102 projects in the 2022/23 financial year, contributing \$213,380 to our local community in the form of Sponsorships, Scholarships, Donations and Grants.

Together with our local community we proudly celebrated our 20th birthday in a public event and then at the Mulgrave Country Club. PCFSL supported events and festivals such as the Chinese New Year Festival in Glen Waverley and the Monash Maker Faire at Monash University.

Our sixth 'Pitch It' Community Bank Pinewood Grants Program was a huge success with over \$50,000 being distributed amongst 12 finalist community groups for their worthy projects. This brings the total contributed by this program alone to \$316,000 and climbing!

In addition to the funding given to numerous local sporting clubs and community groups we also provided funding for a new car as part for the 'L2P' program in the City of Monash in conjunction with Southeast Links, TAC and Vic Roads. We continue to strive to make a huge impact in our community.



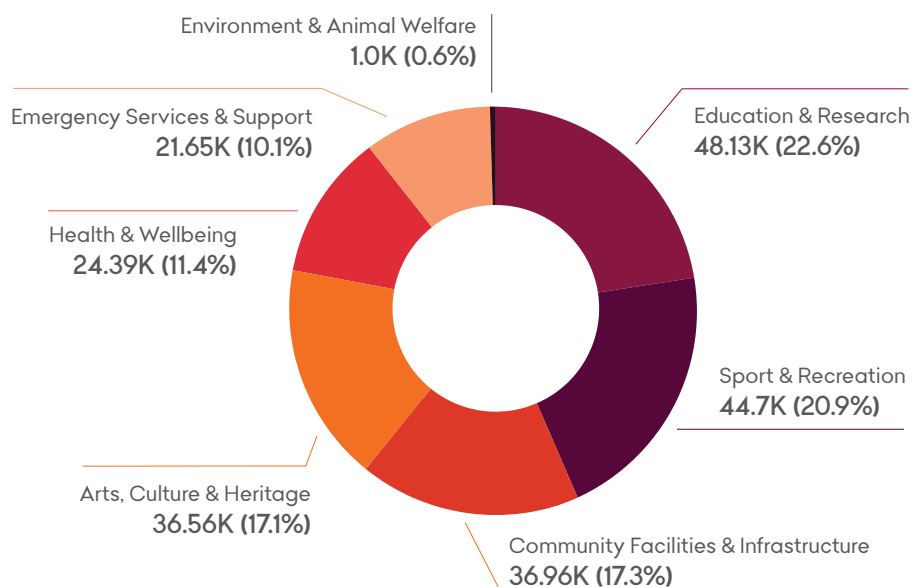
Community Bank Pinewood 20th Birthday Celebration Event

Pinewood Community Financial Services Limited

Amount by Sector

102
Projects Funded

213,380.96
Total Value

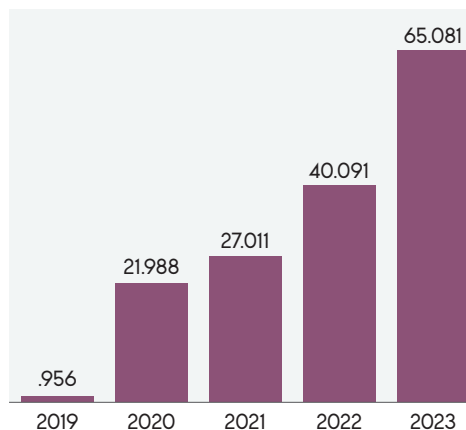


Chinatown update

Our Chinatown Sales Office in Melbourne CBD contributed greatly to the local community in the form of sponsorships and donations throughout the 2022/23 financial year. Most notably is the significant sponsorship provided to the Museum of Chinese Australian History which saw Pinewood Community Financial Services Limited obtain naming rights to their conference room and provide further support to ensure this important part of our Australian heritage is widely available to the public for many years to come. Our continued sponsorship of the Melbourne Lions Club has also resulted in a lasting impact on the group and further strengthened relationships within the community.

The Chinatown Office actively participated in and provided funding for many events most noteworthy being the Bendigo Easter Festival, taking university students to the festival which is steeped in history for the Chinese community. The team continue to strive to strengthen relationships within the Chinese community and are devoted to their customers and not for profit groups and social enterprises, ensuring our contributions make an important difference.

**Community Bank
Chinatown Office**
Growth in Total Loans and Deposits (\$m)
Years ended June '19 - June '23



Chinese Lantern Festival - Glen Waverley



Bendigo Easter Festival



Museum of Chinese Australian History



Bendigo Easter Festival

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2023

Your Directors submit their report of the Company for the financial year ended 30 June 2023.

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 Joy 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 27 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

Directors' report (continued)



Jamie Arthur 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



Peter Yong Pan

Director

Community Engagement Committee Member / Chinatown Community Engagement Committee Member

Peter has worked in the property development industry for the past 16 years and also runs an import/export trading business. He is former co-president of the Wesley College, Purple and Gold Parents Association and played an integral role in the development of the Wesley College Chinese parent community.

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 2 years 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 Community Bank Pinewood opened, Sue has strong links to the local Monash community.

Appointed 26 November 2018 / Resigned 30 June 2023



Bronson Justus

Director

Community Engagement Committee Member/ Audit & Governance Committee Member

Bronson is a passionate leader in both business and sporting sectors where he is actively involved with the Eastern Lions and Mount Waverley City Soccer Clubs and is chairperson of the Gardiners 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' report (continued)



Dwayne Wathen

Director / Treasurer

Audit & Governance Committee Member / Investment Committee Member

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



Stephen Pewtress

Director

Community Engagement Committee Chair

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



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 / Resigned 31 December 2022



Debby Chiang

Director

Community Engagement Committee Member/ Human Resources 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

Directors' report (continued)

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 \$628,145 (2022 profit: \$93,357).

The large increase in profit from prior year is attributable to more favourable margin returns on deposits and continued growth in footings from both the Pinewood branch and Chinatown office locations. The Company was also able to significantly increase its community contributions and sponsorships from prior years.

Dividends

	Cents per share	Year ended 30 June 2023 \$
Final dividends declared:		
- Fully franked dividends	15.50	85,448
Dividends paid in the year:		
- Fully franked dividends as declared in the prior year report	13.50	74,363

Declaration Date: 29 August 2022

Record Date: 16 September 2022

Payment Date: 30 September 2022

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' report (continued)

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	620
Sharyn Cowley	Australian Institute of Company Directors (AICD) fees	620
Bronson Justus	Australian Institute of Company Directors (AICD) fees	620

Remuneration report

Directors are paid a fee of \$4,400 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 \$4,400 p.a. to reflect their expertise, additional responsibility and workload. The Chairman is paid \$12,000 p.a. with an additional bonus of \$10,000 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 2023 and the Directors fees paid are:

	2023 \$	2022 \$
Robert Davies	22,000	18,000
Sharyn Cowley	8,700	7,500
Annabelle Lane	8,800	7,600
Jamie Bedelis	3,800	3,100
Peter Pan	4,300	3,600
Susane Cornelissen (resigned 30 June 2023)	4,200	3,500
Charles Kovess (resigned 20 October 2021)	-	1,233
Bronson Justus	5,300	5,600
Dwayne Wathen	8,700	7,500
Stephen Pewtress	7,900	5,300
Jason Dong	1,900	2,867
Debby Chiang	4,400	667

The current Branch Manager, Indu Dehipola is not considered as key management personnel as she does not plan, direct and control the activities of the Company. Accordingly, her 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 the 2022 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.

Directors' report (continued)

Indemnifying officers or Auditor (continued)

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 was 11. 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	11	11	3	3	2	2	-	-	12	12
Sharyn Cowley	11	10	3	3	2	2	-	-	-	-
Annabelle Lane	11	10	-	-	-	-	11	11	-	-
Jamie Bedelis	11	10	-	-	2	2	-	-	-	-
Peter Pan	11	9	-	-	-	-	-	-	12	11
Susane Cornelissen	11	6	-	-	-	-	11	11	4	4
Bronson Justus	11	10	3	3	-	-	-	-	12	12
Dwayne Wathen	11	10	3	3	2	2	-	-	-	-
Stephen Pewtress	11	8	-	-	-	-	6	3	12	8
Jason Dong	5	4	-	-	-	-	-	-	11	5
Debbie Chiang	11	11	-	-	-	-	-	-	1	1

E = Eligible

A = Attended

Company Secretary

The Company Secretary is Sharyn Cowley.

Auditor independence declaration

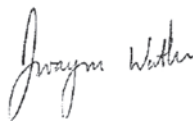
A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 6 of this financial report. No officer of the Company is or has been a partner of the

Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors at Mount Waverley on 4th September 2023.



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 2023 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: 4 September 2023

MVA Bennett Pty Ltd (ABN 90 623 319 022) & MVA Bennett (ABN 48 647 105 185) & Incorporating Aberdeen Advisory

Liability limited by a scheme approved under Professionals Standards Legislation

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An independent member of
Walker Wayland Australasia Limited



CHARTERED ACCOUNTANTS™
AUSTRALIA - NEW ZEALAND

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue			
Revenue	2	2,746,639	1,350,323
Expenses			
Administration costs		355,665	258,031
IT expenses		41,053	41,744
Occupancy costs		41,273	31,196
Employee benefits expense	3	782,186	648,021
Depreciation and amortisation expense	3	169,379	145,726
Finance costs	3	(5,606)	24,914
Other expenses		5,463	4,314
Operating profit before charitable donations & sponsorships		1,357,226	196,377
Charitable donations and sponsorships		530,730	76,201
Profit before income tax expense		826,496	120,176
Income tax expense	4	198,351	26,819
Net Profit for the year		628,145	93,357
Other comprehensive income		-	-
Total comprehensive income		628,145	93,357
Profit attributable to members of the entity		628,145	93,357
Total comprehensive income attributable to members of the entity		628,145	93,357
Earnings per share (cents per share)			
- basic for profit for the year	23	114.03	16.95
- diluted for profit for the year	23	114.03	16.95

Financial statements (continued)

Statement of financial position for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	1,076,427	581,597
Trade and other receivables	7	262,345	147,535
Other assets	8	324,642	202,901
Total current assets		1,663,414	932,032
Non-current assets			
Property, plant and equipment	9	125,130	66,592
Right-of-use assets	10	409,318	77,595
Intangible assets	11	53,692	-
Deferred tax asset	4	83,893	77,971
Total non-current assets		672,033	222,158
Total assets		2,335,447	1,154,190
Liabilities			
Current liabilities			
Trade and other payables	12	267,930	121,601
Current tax liabilities	4	166,073	24,514
Lease liabilities	13	69,728	59,573
Employee benefits	14	70,151	86,794
Total current liabilities		573,882	292,482
Non current liabilities			
Trade and other payables	12	39,447	-
Lease liabilities	13	355,167	13,287
Provisions	15	-	24,167
Total non current liabilities		394,614	37,454
Total liabilities		968,496	329,936
Net assets		1,366,951	824,254
Equity			
Issued capital	16	569,315	569,315
Retained earnings		797,636	254,939
Total equity		1,366,951	824,254

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Issued capital			
Balance at start of year		569,315	569,315
Balance at end of year		569,315	569,315
Retained earnings			
Balance at start of year		254,939	235,947
Net profit for the year		628,145	93,357
Dividends paid	24	(85,448)	(74,363)
Balance at end of year		797,636	254,939

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		2,869,956	1,401,722
Payments to suppliers and employees		(1,989,043)	(1,209,835)
Interest received		4,396	2,078
Interest paid		(155)	-
Other income received		32,731	27,539
Lease Finance		160,643	66,839
Lease payments (interest component)		(18,406)	(9,010)
Income tax refunded (paid)		(56,399)	(2,970)
Net cash flows from operating activities	17b	1,003,723	276,363
Cash flows used in investing activities			
Purchase of property, plant & equipment		(83,522)	(100,650)
Investments in listed securities		(119,120)	(39,171)
Payments for intangible assets		(65,745)	
Net cash flows used in investing activities		(268,387)	(139,821)
Cash flows used in financing activities			
Dividends paid as declared in the prior year report		(85,380)	(74,363)
Lease payments (principle component)		(155,127)	(53,631)
Net cash flows used in financing activities		(240,507)	(127,994)
Net increase in cash held		494,829	8,548
Cash and cash equivalents at start of year		581,598	573,050
Cash and cash equivalents at end of year	17a	1,076,427	581,598

Notes to the financial statements

For the year ended 30 June 2023

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 2023 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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (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.

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:

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(i) Revenue (continued)

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.

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(i) Revenue (continued)

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.

(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:

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and 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.

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

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 or 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)

2. Revenue and other income

	2023 \$	2022 \$
Revenue		
- services commissions	2,706,907	1,321,423
	2,706,907	1,321,423
Other revenue		
- dividends and other investment income	22,202	17,259
- interest received	4,396	2,000
- other income	13,134	9,640
	39,732	28,899
Total revenue	2,746,639	1,350,323

3. Expenses

	2023 \$	2022 \$
Employee benefits expense		
- wages and salaries	674,128	540,381
- superannuation costs	71,385	53,028
- workers' compensation costs	2,022	1,950
- other costs	34,651	52,663
	782,186	648,021
Depreciation of non-current assets:		
- furniture & fittings	3,732	4,462
- leasehold improvements	20,008	19,340
- right-of-use assets	132,342	110,238
- plant & equipment	1,244	667
Amortisation of non-current assets:		
- intangible assets	12,053	11,019
	169,379	145,726
Finance costs:		
- interest expense	155	
- lease interest expense	18,406	11,882
- make good asset interest expense	-24,167	5,000
- unrealised investment loss	-	8,032
	-5,606	24,914
Bad debts	4,211	150

Notes to the financial statements (continued)

4. Income tax expense

	2023 \$	2022 \$
b. 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%	206,624	30,045
Add / (Less) tax effect of:		
- Non-deductible expenses	78,486	68,978
- Taxable Capital Gains	1,682	-
- Grossed up dividend	1,379	1,764
- Non-assessable income	(2,333)	-
- Other deductible expenses	(76,050)	(56,276)
- Net benefit of franking credits on dividends received	-	-
Current income tax expense	209,788	44,511
The applicable weighted average effective tax rate is	25%	37%
Current income tax expense	209,788	44,511
Origination and reversal of temporary differences	(5,922)	(10,635)
Net benefit of franking credits on dividends received	(5,515)	(7,057)
Income tax expense	198,351	26,819
Tax Balances		
Current tax liability	166,073	24,514
Deferred tax asset	83,893	77,971

5. Auditors' remuneration

	2023 \$	2022 \$
Remuneration of the auditor for:		
- Audit or review of the financial report	6,550	6,400

6. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	661,456	259,521
Short term bank deposits	414,971	322,076
	1,076,427	581,597

The effective interest rate on short term bank deposits was 1.2% (2022: 0.5%)

Notes to the financial statements (continued)

7. Trade and other receivables

	2023 \$	2022 \$
Current		
Trade debtors	259,195	146,555
Accrued interest	3,150	979
	262,345	147,535

8. Other Assets

	2023 \$	2022 \$
Investments in listed securities	314,298	195,178
Prepayments	10,344	7,723
	324,642	202,901

9. Property, plant and equipment

	2023 \$	2022 \$
<i>Leasehold improvements</i>		
At cost	279,818	202,465
Less accumulated depreciation	(194,401)	(174,393)
	85,417	28,072
<i>Furniture & Fittings</i>		
At cost	151,860	147,460
Less accumulated depreciation	(115,748)	(112,016)
	36,112	35,444
<i>Plant & Equipment</i>		
At cost	5,512	3,743
Less accumulated depreciation	(1,911)	(667)
	3,601	3,076
Total written down amount	125,130	66,592
Movements in carrying amounts		
<i>Leasehold improvements</i>		
Carrying amount at beginning of year	28,072	47,412
Additions	77,353	-
Disposals	-	-
Depreciation expense	(20,008)	(19,340)
Carrying amount at end of year	85,417	28,072
<i>Furniture & fittings</i>		
Carrying amount at beginning of year	35,444	39,906
Additions	4,400	-
Disposals	-	-
Depreciation expense	(3,732)	(4,462)
Carrying amount at end of year	36,112	35,444

Notes to the financial statements (continued)

9. Property, plant and equipment (continued)

	2023 \$	2022 \$
<i>Plant & Equipment</i>		
Carrying amount at beginning of year	3,076	-
Additions	1,769	3,743
Disposals	-	-
Depreciation expense	(1,244)	(667)
Carrying amount at end of year	3,601	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.

	2023 \$	2022 \$
<i>Leased buildings</i>		
At cost	560,973	343,704
Less accumulated depreciation	(151,655)	(266,109)
	409,318	77,595
Total written down amount	409,318	77,595

Movements in carrying amounts

<i>Leased buildings</i>		
Carrying amount at beginning	77,595	90,925
Additional	464,065	96,907
Depreciation	(132,342)	(110,237)
Carrying amount at end	409,318	77,595

11. Intangible assets

	2023 \$	2022 \$
<i>Franchise fee</i>		
At cost	120,838	55,093
Less accumulated amortisation	(67,146)	(55,093)
	53,692	-

Notes to the financial statements (continued)

12. Trade and other payables

	2023 \$	2022 \$
Current		
Other payables	63,223	46,706
Accrued expenses	187,493	68,062
Liability to Bendigo (Franchise & Training Fee)	13,149	-
Unpaid Dividends	4,065	6,833
	267,930	121,601
Non-Current		
Liability to Bendigo (Franchise & Training Fee)	39,447	-
	39,447	-

13. Lease Liabilities

The Company's lease portfolio include its branch and office 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 4%.

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.

	2023 \$	2022 \$
Current:		
Lease Liability	84,752	62,188
Unexpired interest	(15,024)	(2,615)
	69,728	59,573
Non-current		
Lease Liability	384,503	13,500
Unexpired interest	(29,336)	(213)
	355,167	13,287
Impact on the current reporting period:		
<i>Lease liabilities</i>		
Initial recognition on adoption	72,861	86,611
Additional	474,000	63,575
Interest expense	18,406	11,882
Payments	(140,372)	(89,207)
Lease liabilities as at 30 June	424,895	72,861
<i>Maturity analysis</i>		
- not later than 12 months	69,728	59,573
- between 12 months and 5 years	355,167	13,287
	424,895	72,860

Notes to the financial statements (continued)

14. Employee Benefits

	Note	2023 \$	2022 \$
Current			
Annual leave	14 (b)	54,400	62,218
Long service leave	14 (b)	15,751	24,576
		70,151	86,794
Number of employees at year end		9	9
(a) Movement in employee benefits			
Opening balance		86,794	76,534
Additional provisions recognised		20,303	43,269
Amounts utilised during the year		(36,946)	(33,009)
Closing balance		70,151	86,794

(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.

	2023 \$	2022 \$
Make-good on leased premises	-	24,167
	-	24,167
Make-good provision		
<i>Provision</i>		
Balance at the beginning	24,167	19,167
Initial recognition on transition	-	-
make-good costs recognised	(24,167)	5,000
	-	24,167

16. Share capital

	2023		2022	
	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

Notes to the financial statements (continued)

16. Share capital (continued)

Movements in share capital

No movements in share capital occurred during the 2023 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.

17. Statement of cash flows

	2023 \$	2022 \$
(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	1,076,427	581,597
As per the statement of cash flow	1,076,427	581,597
(b) Reconciliation of profit after tax to net cash provided from operating activities		
Profit after income tax	628,145	93,357
Non cash items		
- Depreciation	157,326	134,707
- Amortisation	12,053	11,019
- Unpaid Dividends	(2,767)	3,193
- Unrealised investment loss / (income)	(2,605)	8,032
- Make good asset provision	(24,167)	3,333
Changes in assets and liabilities		
- (Increase) in prepayments	(2,621)	(234)
- (Increase) in receivables	(112,640)	(53,836)
- (Increase) in deferred tax asset	(5,922)	(10,635)
- Increase in income tax	141,559	31,248
- Increase in payables	185,776	2,793
- Increase (decrease) in employee benefits	(16,643)	10,260
- Increase in other assets/liabilities	46,228	43,126
Net cash flows from operating activities	1,003,723	276,363

18. Director and related party transactions

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

Robert Davies	Bronson Justus
Sharyn Cowley	Stephen Pewtress
Annabelle Lane	Dwayne Wathen
Jamie Bedelis	Jason Dong
Peter Pan	Debby Chiang
Susane Cornelissen	

Fees paid to Directors are disclosed in the Remuneration Report.

Notes to the financial statements (continued)

18. Director and related party transactions (continued)

Share options granted to directors and senior management

During the 2022 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.

(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:

	2023	2022
Directors' shareholdings		
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

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 (2022: 100%).

22. Company details

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

Notes to the financial statements (continued)

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:

	2023 \$	2022 \$
Profit after income tax expense	628,145	93,357
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

24. Dividends paid or provided for on ordinary shares

	2023 \$	2022 \$
(a) Dividends proposed and not recognised as a liability		
Franked dividends - 15.5 cents per share	85,448	74,363
Special franked dividends - Nil	-	-
(b) Dividends paid during the year		
Prior year proposed final		
Franked dividends - 15.5 cents per share	85,448	74,363
	85,448	74,363
(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	237,131	241,412
- Franking credits that arose from the payment of current year PAYG income tax instalments	31,885	9,704
- 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 refund of income tax refundable as at the end of the last financial year	(6,734)	-
- Franking debits that arose from the payment of final dividends proposed as at the end of the last financial year	(24,788)	(21,042)
- Unrecognised franking credits from franked dividends received prior periods	-	-
- Franking credits attached to franked dividends received	5,515	7,057
Franking account balance as at the end of the financial year	243,009	237,131
- Franking credits that will arise from the payment of income tax payable as at the end of the current financial year	24,514.00	24,514.00
- Franking debits that will arise from the refund of income tax refundable as at the end of the current financial year	-	(6,734)
- Franking debits that will arise from the payment of proposed dividends as at the end of the financial year	(29,714)	(24,788)
	237,809	230,123

The tax rate at which dividends have been franked is 25% (2022-25%)

Dividend proposed will be franked at a rate of 25% (2022-25%)

Notes to the financial statements (continued)

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	2023 \$	2022 \$
Financial assets			
Cash & cash equivalents	6	1,076,427	581,597
Trade and other receivables and prepayments	7	262,345	147,535
Investments	8	314,298	195,178
Total financial assets		1,653,070	924,310
Financial liabilities			
Trade and other payables	12	307,377	121,601
Total financial liabilities		307,377	121,601

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	
	2023 \$	2022 \$
Cash and cash equivalents	1,076,427	581,597
Trade and other receivables	262,345	147,535
Investments	314,298	195,178
	1,653,070	924,310

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 (2022: 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.

Notes to the financial statements (continued)

25. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2023	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	12	307,377	267,930	39,447	-
Total expected outflows		307,377	267,930	39,447	-
Financial assets - realisable					
Cash & cash equivalents	6	1,076,427	1,076,427	-	-
Trade and other receivables	7	262,345	262,345	-	-
Other assets - security investments	8	314,298	314,298	-	-
Total anticipated inflows		1,653,070	1,653,070	-	-
Net (outflow)/inflow		1,345,693	1,385,140	(39,447)	-

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	-	-
Loans and borrowings		-	-	-	-
Total expected outflows		121,601	121,601	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	581,597	581,597	-	-
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		802,709	802,709	-	-

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2023 and 30 June 2022.

(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.

Notes to the financial statements (continued)

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 2023		
+/- 1% in interest rates	+/- 1,018	+/- 718
Year ended 30 June 2022		
+/- 1% in interest rates	+/- 3,259	+/- 3,259

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 2023 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

For the financial year ended 30 June 2023

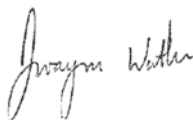
In accordance with a resolution of the Directors of Pinewood Community Financial Services Limited, the Directors of the Company declare that:

- 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 2023 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 4th September 2023

Independent audit report

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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 2023, 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 2023 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 2023 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.

MVA Bennett Pty Ltd (ABN 90 623 319 022) & MVA
Bennett (ABN 48 647 105 185) & Incorporating Aberdeen
Advisory

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Walker Wayland Australasia Limited



CHARTERED ACCOUNTANTS™
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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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures 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
Chartered Accountants
Level 5, North Tower,
485 La Trobe Street,
Melbourne Vic 3000



SHAUN EVANS
Partner

Dated: 4 September 2023

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