



Annual Report 2015

Pinewood Community
Financial Services Limited

ABN 26 099 420 050

Pinewood **Community Bank**[®] Branch



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Chair's report

For year ending 30 June 2015



I have great pleasure in presenting this report on behalf of your Board.

Our business achievements

In 2014/15 we have continued to hold our own in a challenging market due to low interest rates, which mean there is very little margin to make profit. Many customers have kept their home loan payments the same, even though interest rates have decreased, so they are reducing their loan principal at a faster rate. This has meant that even though we've had excellent results in new loans, our overall loan book has stayed almost the same throughout the year. Additionally, Bendigo and Adelaide Bank has made changes to the revenue sharing model under our franchise agreement, so that we receive a lower percentage of the branch's profits. Despite this, we have maintained profitability and given almost \$90,000 back to the community, as well as paying a healthy dividend of 7.5 cents per share, fully franked. The dividend will be paid two weeks after the Annual General Meeting (AGM), on 2 December 2015.

Our Board, Branch Manager and staff

We said farewell to two of our founding Directors in February this year; John Sgroi and Dominic Stambe. John and Dom have devoted many hours to start this branch, bring it to profitability and make it the successful company it is now, especially John who served as Chairman for many years. Thanks to them, and their co-founders, the Waverley community has received more than \$780,000 from this branch to support community groups and projects. They can be very proud of their legacy, as we are of what they have achieved. We will honour them, along with all our founding Directors, at our AGM this year. I invite you to make a special effort to come along to the AGM on 18 November and join with us in acknowledging their contribution.

Both John and Dom will continue to be involved with Pinewood by attending our Community Advisory Forum which is a quarterly meeting of about 30 community leaders who keep us informed about local opportunities and are advocates for the branch.

Another long-serving Director, Petar Ivetic, also stepped away from the Board as he received a promotion and could no longer commit the time required. Our Company Secretary, Serah Van Haeften, has moved to the Board of a Bendigo Bank **Community Bank**[®] company closer to her home. Both have been hardworking and passionate Board members and made a significant impact during their time with Pinewood Community Financial Services Limited (PCFSL). Arianne Rose was on the Board for less than a year but her dedication to improving corporate governance and HR policies and processes is greatly appreciated.

We have welcomed some new faces on the Board this year and as you can see from the brief biographies included later in this report we have an exceptional team on the Board with a good balance of skills across marketing, finance, community engagement and business management. All our Directors provide extensive time and expertise to the Board because they believe in the **Community Bank**[®] model and want to see the company, our staff, our shareholders and our community thrive.

Our Branch Manager, Mark Davenport, has continued to work actively in the branch and the community to grow our business, supported by our very capable and friendly team; Paul Tyson, Cathy Torpy, Julie O'Reilly, Michelle Cadusch, Marisa Servaes and Stan Kwan. You will notice some new names. Stan has been employed as a full time Customer Service Officer, and Marisa has joined us one day per week. Both bring a strong sales focus and have settled into the team quickly. Marisa also works one additional day each week assisting with promotional campaigns, especially following up on enquiries from community events.

Chair's report (continued)

I would also like to acknowledge Irena Bukhshtaber's significant contribution to our marketing and promotions. Irena was our Community Engagement Officer until recently, when she moved interstate. Our Executive Officer, Louise Gracey, continues to provide excellent support to the Board and shareholders through with compliance, administration and share trading. Louise is your first point of contact for any shareholding enquiries.

As always, I wish to acknowledge the excellent support provided by Bendigo and Adelaide Bank, including our Regional Manager Marisa Dickins, and her replacement while she has recently been on maternity leave, Mark Nolan. We greatly appreciate the invaluable support, training and banking services provided by Bendigo and Adelaide Bank management and staff.

Our community support

We gave \$88,711 in community grants and sponsorships during the 2014/15 financial year which is less than last year but still a significant contribution that is making a difference in our community. Key projects we have been involved in during 2014/15 are:

- Developing stronger relationships with the local Chinese community, including partnering to celebrate Chinese New Year. This is an ongoing strategy, supported by the addition of Stan Kwan to our branch staff, as he speaks fluent Mandarin and Cantonese.
- Building strong links with key community organisations such as Monash Council and Link Health and Community (formerly Monashlink).
- Active participation in community functions and festivals, including Carols by Candlelight, Pinewood Primary School Fete and the Monash Youth Film Festival.
- Supporting Monash businesses via the Monash Enterprise Centre, the Eastern Innovation Business Centre and the Monash Women's Business Network.
- Sponsorship of more than 25 local sporting teams and 20 community groups.

Future developments

Finally, after three years as Chair I am stepping down from this role at the end of 2015, but will continue as a Director. It has been a great honour and privilege to serve you and our community in this capacity and I thank the Board and shareholders for the opportunity. Robert Davies has been selected by the Board as the new Chair. He brings strong corporate and finance skills to the Board from a 25-year career in business and financial services. This is complemented with an extensive community network developed as a Monash Councillor. I believe Robert is the right person to take Pinewood **Community Bank**[®] Branch to the next level, and look forward to working with him. His focus will be on consolidating the governance and operational gains made over the past few years while strengthening our sales focus and capability. We welcome your assistance with this by recommending the Pinewood **Community Bank**[®] Branch to your friends, family and community groups as the more people who bank with us the more profitable your investment becomes, and the more our community benefits.



Dianne Taylor
Chair

Manager's report

For year ending 30 June 2015



It gives me immense pleasure to provide another Branch Manager's report.

Pinewood **Community Bank**[®] Branch has had another very eventful year. Our focus has been again on raising our profile within the local area and educating people on the positive difference their banking can make, encouraging people to switch to us.

It has again being a challenging year for our business, the financial services industry and the economy in general because of four Interest rate decreases and smaller margins in a very strong competitive market.

The lending activity has been at the highest levels the business as ever had, but with smaller margins this just hasn't shown on the bottom line.

I would like to thank our staff Cathy, Paul, Michelle, Julie, Marisa and recent recruit Stan Kwan for their great work and contribution in the past year, and also extend my thanks to the Board of Directors, past and present. Furthermore I wish to express my gratitude to Mark Nolan and the State Support team at Bendigo and Adelaide Bank for the work they do for our business.

Our challenge going forward is ongoing customer acquisition and lending growth in a very competitive market particularly with the recent arrival of Bank of Melbourne into the Pinewood Shopping Centre in September.

So join with us in helping to spread the **Community Bank**[®] message, talk to your friends and neighbours about how their banking can make a difference.

I thank you for your ongoing support and involvement in our business.

A handwritten signature in black ink that reads "Mark Davenport". The signature is written in a cursive, flowing style.

Mark Davenport

Branch and Business Development Manager

Director summaries

For year ending 30 June 2015

Returning Directors



Dianne Taylor

Chair / Director

Dianne was the co-owner of a successful engineering business that employed up to thirty staff and has operated for over 25 years. She is also experienced as a Financial Controller. Dianne is passionate about strong community leadership, economic development and education and works to bring consensus among stakeholders in any situation. Dianne's practical experience is supported by qualifications in coaching, training, business and human resource management and she is a Fellow of the Australian Institute of Management. She is a former Lecturer in Leadership at Monash University and serves as a Director on several Boards. Her community involvement includes pro bono work for local not-for-profits through Monash Volunteer Resource Centre. Dianne has received the Caroline Chisholm Award for significant service to the community.

Board member since 22 February 2011.



Stephanie Christie

Director focussed on Marketing

Stephanie brings a blend of professional and community experience to her role on the Board. She has run her own small business, a professional services consultancy, for several years. Her skills include management, leadership, marketing analysis, research and direct marketing. She has a number of tertiary qualifications and was a past Director of RACV Credit Union. She serves on several local non-profit committees in the arts spheres, including as Treasurer of Monash Chorale, and Treasurer and Sponsorship Coordinator of Waverley Music Eisteddfod.

Board member since 25 September 2012.



Robert Davies

Director focussed on Marketing and Community Engagement

Family values are important to Robert, who was elected to Monash City Council in 2012 from the Mulgrave Ward. He is a local resident who grew up in the USA and settled permanently in Melbourne in 1997. Robert has over 20 years' experience in leadership roles in business and finance working in Europe and Australia. He is a member of a number of professional associations including the Australian Institute of Company Directors, the Wheelers Hill Rotary Club, and the Liberal Party. Through his role on Monash Council, he has also served as a Director of the Monash Gallery of Art and the Monash Enterprise Centre. From 2005 to 2013 Robert worked as a private client advisor for Patersons Securities. Prior to that he managed a telecommunications services business.

Board member since 28 August 2013.

Director summaries (continued)

New Directors



Michelle James

Director focussed on Marketing and Community Engagement

Michelle and her family migrated from Malaysia in 1986, and have been residing in Glen Waverley since then. She is actively involved in local community projects, with a specific emphasis on personal development and education for disadvantaged communities. She has 15 years' experience in new business development and marketing. Michelle is a committee member of the Monash Women's Friendship Cafe, Strengthening Clayton, the Clarinda Group and The Monash Club.

Board member since 2 February 2015.



Ivy Yu

Director and Deputy Treasurer

Ivy is a qualified CPA and has been working as a Corporate Accountant for many years. She will complete her MBA in finance at the end of 2015. Ivy has strong networks with other accountants, financial planners, company directors and lawyers and in order to foster these networks she is currently the secretary and key member of some CPA professional groups. Ivy is eager to contribute her skills and expertise to Pinewood Community Financial Services Limited and work with the Board to achieve the company goals.

Board member since 23 March 2015.



Cynthia Lahiff

Director and Treasurer

Cynthia is an experienced executive with management, governance and financial skills. She has held senior government positions over the past 15 years including CFO in state and local government authorities. Cynthia is a CPA, a graduate of the Australian Institute of Company Directors and a Williamson Foundation Fellow.

Board member since 23 March 2015.



Sue Brown

Director focussed on Marketing and Community Engagement

Sue has enjoyed a strong career in marketing and communications for both small and medium sized businesses, with the last 10 years focused on corporate community development and engagement in senior and general management roles. She is a skilled negotiator, a disciplined and results driven team leader who enjoys the journey of positive change for those who need it most. Sue serves on a number of community group committees and is a devoted dance Mum.

Board member since 23 March 2015.

Director summaries (continued)

New Directors (continued)



Peter Merritt

Director focussed on Marketing and Community Engagement

Following a career of 26 years in the electricity and gas industry, Peter currently has a portfolio of interests covering ICT consulting, small business start-ups and the sport of sailing. He has lived in the local area for over 23 years and has had close ties to the local primary school education system.

Board member since 23 March 2015.



Sharyn Cowley

Company Secretary/Director focussed on Corporate Governance

Sharyn is an experienced financial services lawyer specialising in superannuation, funds management, insurance and financial planning. She is also a qualified company secretary with a special interest in corporate governance and risk management.

Sharyn has worked in private practice and in-house roles and is currently senior legal counsel/assistant company secretary at Telstra Super, Australia's largest corporate superannuation fund. Sharyn is a member of the Women in Super policy committee and is passionate about increasing financial literacy in the community particularly for women and youth. A Glen Waverley resident, Sharyn is keen to use her knowledge and skills to make a positive contribution to the Pinewood Community Financial Services Limited Board and the Pinewood community.

Board member since 24 August 2015.



Anna Lane

Director focussed on Human Resources

Anna has over 25 years of experience in human resource Management and Recruitment working within a wide range of organisations including building services, hospitality, non-for-profit, education and insurance, medical, legal and financial.

An expert in her field, Anna is particularly proud of her achievement in owning and operating her company 'Access HR'. Anna was nominated for the Monash Business Awards in 2011 and holds a Ronald McDonald Community participation certificate. With exceptional interpersonal and organisational skills Anna brings a wealth of knowledge and a professional attitude which she hopes will benefit the Board of Pinewood Community Financial Services Limited.

Board member since 28 September 2015.

Director summaries (continued)

Retiring Directors



John Sgroi

Director (Governance & Community Engagement Committees) and inaugural Chairman

John was instrumental in getting PCFSL off the ground. He was the inaugural Chairman for eight years and continues to be a strong advocate for the company. He has been a community pharmacist for 43 years and has run the local pharmacy, now a Priceline franchise, for over two decades. John has deep ties to the community and has been an active Rotarian for nearly 20 years, as well as a past president of the local chamber of commerce.

Board member since 30 January 2002.



Dominic Stambe

Director focussed on local business

Dominic is an accredited pharmacist and local business owner. He has deep professional and personal roots in the local community having worked in the Pinewood Pharmacy (now Priceline) for 24 years. He has been a partner in the business for 17 years. Together with John Sgroi, Dominic joined the Board when PCFSL opened and was part of the original group that had a material impact on the Pinewood **Community Bank®** Branch's establishment and success.

Board member since 30 January 2002.



Petar Ivetic

Director focussed on Corporate Governance

Petar has 19 years' experience in managing projects within the telecommunications industry and has delivered over 150 projects to date. Petar has a Masters in Project Management as well as other qualifications, and is a member of the Australian Institute of Company Directors and the Australian Institute of Project Managers. Petar's key strengths are his strong leadership qualities, stakeholder engagement and strong communications skills. He is an authentic leader with a strong work ethic, high moral standards and integrity. Petar is most passionate about community cricket and the local groups he's involved with.

Board member since 1 October 2010.



Serah Van Haeften

Company Secretary/Director focussed on Corporate Governance

Serah is a lawyer with a passion for best practise corporate governance standards. She currently works as an in-house legal counsel for national retail firm Specsavers. Previously she was the Company Secretary for a number of Commonwealth Bank subsidiary companies and assisted with the Company Secretariat function of the Commonwealth Bank Board. Serah is a member of the Law Institute of Australia and will be completing the Graduate Diploma in Applied Corporate Governance through the Governance Institute of Australia this year. She has been involved in a number of non-profit groups and local schools and is committed to developing better community relationships and values.

Board member since 25 September 2012.

Director summaries (continued)

Retiring Directors (continued)



Arianne Rose

Director focussed on Human Resources

Arianne is a commercial lawyer practising in both the private and the public sectors, with a background in financial services, agribusiness, commercial and property law. She has worked in a wide range of complex and highly regulated industries with a strong skill set in corporate governance and risk management. Arianne was the company secretary and general counsel for VicTrack (2010-2014), a Victorian Public Sector transport agency that is the custodian of Victoria's railway assets. She has held a range of management roles including joint acting general manager at VicTrack, where she was responsible for multiple organisational groups, including human resources, risk and safety, procurement and legal. Joining the national board of Greening Australia in 2012. Arianne is also a Non-executive Director of the Architects Registration Board of Victoria.

Joined the Board on 26 November 2014.

Directors' report

For the financial year ended 30 June 2015

Your Directors submit their report of the company for the financial year ended 30 June 2015.

Directors

The names and details of the company's Directors who held office during or since the end of the financial year are:

Dianne Louise Taylor

Director/Chairman

Experience / Special Responsibilities

Has 23 years experience

in the manufacturing industry, Board facilitation and Directorship.

Director since 22 February 2011

David Eric McPherson

Director/Treasurer

Experience / Special Responsibilities

Certified Practising Accountant operating

his own accounting practice for over 15 years.

Resigned 26 November 2014

Michael John Sgroi

Director

Experience / Special Responsibilities

Pharmacist in Pinewood for over 25 years, community pharmacist for over 45 years and

Rotarian with an active interest in the community.

Resigned 23 February 2015

Mark Daniel Eaton

Director

Experience / Special Responsibilities

Lawyer, Partner with HDME Lawyers with a branch office in Pinewood.

Areas of legal expertise: business, property, wills and estates and litigation

Resigned 26 November 2014

Petar Ivetic

Director

Experience / Special Responsibilities

Senior Project Manager in the

Telecommunications industry for the past 26 years.

Resigned 23 February 2015

Serah Van Haeften

Director/Secretary

Experience / Special Responsibilities

Lawyer within Specsavers Pty Ltd legal team.

Expertise in corporate governance, company secretarial practice, franchising & immigration.

Director since 25 September 2012

Dominic Stambe

Director

Experience / Special Responsibilities

Pharmacist in Pinewood for 25 years.

Resigned 23 February 2015

Stephanie Barbara Christie

Director

Experience / Special Responsibilities

Operates own company and has over 15 years

experience in marketing analysis and market research.

Director since 25 September 2012

Sebastian James Leeder

Director

Experience / Special Responsibilities

Human Resource Specialist and is owner of Armstrong Personnel - Recruitment and HR Solutions.

Resigned 26 November 2014

Robert Davies

Director

Experience / Special Responsibilities

Councillor with Monash City Council since 2012, over 20 years of leadership roles in business. Graduate Member of AICD, member of Wheelers Hill Rotary Club, and Director (through Council) of Monash Gallery of Art and Monash Enterprise Centre.

Director since 28 August 2013

Directors' report (continued)

Directors (continued)

Arianne Susan Rose

Director

Experience / Special Responsibilities

A Commercial Lawyer in both private and public sectors with a background in financial services. She has held a range of management roles and is a non-executive Director of the Architects Registration Board of Victoria.

Appointed 26 November 2014

Susan Carolyn Brown

Director

Experience / Special Responsibilities

Communications and Marketing professional focusing on corporate community development and engagement during the past 10 years. Serves on a number of community group committees.

Appointed 23 March 2015

Peter Kenneth Merritt

Director

Experience / Special Responsibilities

Has a career of 26 years in the electricity and gas industry currently has a portfolio of interests covering ICT consulting, sports management and small business start - ups.

Appointed 23 March 2015

Michelle Li James

Director

Experience / Special Responsibilities

Actively involved in local community projects and has 15 years' experience in new business development and marketing. Michelle is a committee member of the Monash Women's Friendship Cafe, Strengthening Clayton, the Clarinda Group and The Monash Club.

Appointed 2 February 2015

Cynthia Marie Lahiff

Director/Treasurer

Experience / Special Responsibilities

An experienced executive with management, governance and financial skills.

She has held senior government positions for over 15 years including CFO in state and local government authorities.

Appointed 23 March 2015

Yi Yu

Director/Deputy Treasurer

Experience / Special Responsibilities

Is a qualified CPA, working as a corporate accountant. She will complete her MBA in finance at the end of 2015. She is currently the secretary and key member of some CPA professional groups.

Appointed 23 March 2015

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

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/(loss) of the company for the financial year after provision for income tax was \$14,123 (2014 profit: \$46,920).

The net assets of the company have decreased to \$591,451 (2014: \$619,912) a decrease of \$28,461.

Directors' report (continued)

Dividends

	Year ended 30 June 2015	
	Cents per share	\$
Final dividends recommended:	7.5	39,233
Dividends paid in the year:		
- As recommended in the prior year report	8	42,584

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

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 its policy of providing banking services to the community.

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 environment 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 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

No Director has received or become entitled to receive, during or since the beginning of the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

Remuneration report

Directors are paid an annual fee of \$3,000 (office bearers) with additional amounts for appointed positions.

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

	2015 \$	2014 \$
Dianne Louise Taylor	6,000	5,750
Michael John Sgroi	2,000	2,500
Dominic Stambe	2,000	2,750
Petar Ivetic	2,000	3,000
David Eric McPherson	2,250	4,500
Mark Daniel Eaton	1,500	3,250
Serah Van Haeften	4,750	4,500
Stephanie Barbara Christie	4,125	4,500
Sebastian James Leeder	1,750	3,500
Robert Davies	2,750	2,750
Arianne Susan Rose	2,042	-
Peter Kenneth Merritt	1,500	-
Michelle Li James	1,500	-
Cynthia Marie Lahiff	1,875	-
Susan Carolyn Brown	1,000	-
Yi Yu	1,000	-

The current Branch Manager, Mark Davenport, is not considered as key management personnel as the Branch Manager does not plan, direct and control the activities of the company. Accordingly, his remuneration is not required to be disclosed. These functions are carried out by the Board of Directors.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Company Secretary or employee) out of 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 the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Directors' report (continued)

Directors' meetings

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

Director	Board meetings attended	Meetings eligible to attend
Dianne Louise Taylor	11	12
Michael John Sgroi	7	8
Dominic Stambe	6	8
Petar Ivetic	7	8
David Eric McPherson	5	5
Mark Daniel Eaton	3	5
Serah Van Haeften	11	12
Stephanie Barbara Christie	10	12
Sebastian James Leeder	4	5
Robert Davies	8	12
Arianne Susan Rose	5	8
Peter Kenneth Merritt	4	4
Michelle Li James	5	5
Cynthia Marie Lahiff	4	4
Susan Carolyn Brown	3	4
Yi Yu	4	4

Company Secretary

Serah Van Haeften has been the Company Secretary of Pinewood Community Financial Services Limited since 25 September 2012. Serah's qualifications and experience include being an in-house lawyer within Specsavers Pty Ltd's legal team.

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 15 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 4 September 2015.



Dianne Louise Taylor
Director



Cynthia Marie Lahiff
Director

Auditor's independence declaration

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 DIRECTORS OF PINEWOOD COMMUNITY FINANCIAL SERVICES LIMITED



M V ANDERSON & CO
Chartered Accountants
www.mvanderson.com.au

I declare that, to the best of my knowledge and belief, during the year ended 30 June, 2015 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.

M V Anderson & Co

M V ANDERSON & CO
Chartered Accountants
4th Floor,
313 La Trobe Street,
Melbourne Vic 3000

Graeme S. Day

GRAEME S. DAY
Partner

Dated: 4 September, 2015

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Commitment
Confidence

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue			
Revenue	2	1,057,615	1,056,862
Expenses			
Administration costs		216,744	206,462
IT expenses		51,578	49,693
Occupancy costs		117,312	100,138
Employee benefits expense	3	503,397	477,437
Depreciation and amortisation expense	3	47,264	46,464
Finance costs	3	-	-
Other expenses		6,872	6,257
Operating profit before charitable donations & sponsorships		114,448	170,411
Charitable donations and sponsorships		89,711	101,327
Profit before income tax expense		24,737	69,084
Income tax expense	4	10,614	22,164
Net profit for the year		14,123	46,920
Other comprehensive income		-	-
Total comprehensive income		14,123	46,920
Profit attributable to members of the entity		14,123	46,920
Total comprehensive income attributable to members of the entity		14,123	46,920
Earnings per share (cents per share)			
- basic for profit for the year	21	3	9
- diluted for profit for the year	21	3	9

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2015

	Notes	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	317,666	258,612
Trade and other receivables	7	74,502	87,970
Other assets	8	7,434	25,566
Total current assets		399,602	372,148
Non-current assets			
Property, plant and equipment	9	242,210	272,102
Deferred tax asset	4	32,756	24,938
Intangible assets	10	23,075	34,612
Total non-current assets		298,041	331,652
Total assets		697,643	703,800
Liabilities			
Current liabilities			
Trade and other payables	11	56,245	43,215
Current Tax Payable	4	4,329	6,851
Provisions	12	45,452	33,643
Total current liabilities		106,026	83,709
Non current liabilities			
Deferred Income Tax (DTL)	4	166	179
Total non current liabilities		166	179
Total liabilities		106,192	83,888
Net assets / (liabilities)		591,451	619,912
Equity			
Issued capital	13	532,300	532,300
Retained earnings		59,151	87,612
Total equity		591,451	619,912

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Issued capital			
Balance at start of year		532,300	532,300
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		532,300	532,300
Retained earnings/(accumulated losses)			
Balance at start of year		87,612	83,276
Net Profit for the year		14,123	46,920
Dividends paid	22	(42,584)	(42,584)
Balance at end of year		59,151	87,612

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from clients		1,167,894	1,150,400
Payments to suppliers and employees		(1,047,591)	(1,087,668)
Interest received		8,138	11,633
Income tax (paid)/refund		(20,968)	56
Net cash flows from/(used in) operating activities	15b	107,473	74,421
Cash flows from investing activities			
Purchase of property, plant & equipment		(5,835)	(231,341)
Net cash flows from/(used in) investing activities		(5,835)	(231,341)
Cash flows from financing activities			
Dividends paid		(42,584)	(42,584)
Net cash flows from/(used in) financing activities		(42,584)	(42,584)
Net increase/(decrease) in cash held		59,054	(199,504)
Cash and cash equivalents at start of year		258,612	458,116
Cash and cash equivalents at end of year	15a	317,666	258,612

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

Note 1. Summary of significant accounting policies

(a) Basis of preparation

Pinewood Community Financial Services Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2015 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). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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.

The financial statements were authorised for issue by the Directors on 4 September 2015.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(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) New accounting standards and interpretations not yet adopted

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is that these Standards are not expected to significantly impact the company's financial statements.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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:

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments 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 the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty or changes in economic conditions.

	2015 \$	2014 \$
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Note 2. Revenue and other income

Revenue

- services commissions	1,049,492	1,046,050
- other revenue	-	-
	1,049,492	1,046,050

Other revenue

- interest received	8,123	10,812
- other revenue	-	-
	8,123	10,812

Total revenue	1,057,615	1,056,862
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Note 3. Expenses

Employee benefits expense

- wages and salaries	383,033	427,383
- superannuation costs	34,083	34,604
- workers' compensation costs	1,386	1,321
- other costs	84,895	14,129
	503,397	477,437

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	12,049	14,660
- leasehold improvements	23,678	20,267
Amortisation of non-current assets:		
- intangible assets	11,537	11,537
	47,264	46,464
Finance costs:		
- Interest paid	-	-
Bad debts	281	226
Rental expenses on operating lease	78,905	69,120
Loss on disposal of plant and equipment	-	8,426

Note 4. Income tax expense

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/(loss) before income tax at 30%	7,421	20,725
Add tax effect of:		
- Non-deductible expenses	1,478	1,439
- Adjustment to deferred tax to reflect change to tax rate in future periods	1,715	-
Current income tax expense	10,614	22,164
The applicable weighted average effective tax rate is	43%	32%
Current income tax expense	18,446	18,101
- Adjustment to deferred tax to reflect change to tax rate in future periods	1,715	-
Origination and reversal of temporary differences	(9,547)	4,063
Income tax expense	10,614	22,164
Tax liabilities		
Current tax payable/(refundable)	4,329	6,851
Deferred tax asset	32,756	24,938
Deferred tax liability	166	179

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	7,240	6,577
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Note 6. Cash and cash equivalents

Cash at bank and on hand	50,318	44,382
Short term bank deposits	267,348	214,230
	317,666	258,612

The effective interest rate on short term bank deposits was 2.65% (2014 - 3.45%)

Note 7. Trade and other receivables

Current

Trade debtors	73,920	87,373
Accrued interest	582	597
	74,502	87,970

Note 8. Other assets

Prepayments	7,434	25,566
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Note 9. Property, plant and equipment

Leasehold improvements

At cost	263,624	263,624
Less accumulated depreciation	(91,032)	(67,354)
	172,592	196,270

Furniture & fittings

At cost	178,860	173,025
Less accumulated depreciation	(109,242)	(97,193)
	69,618	75,832

Total written down amount	242,210	272,102
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Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	196,270	27,122
Additions	-	190,375
Disposals	-	(960)
Depreciation expense	(23,678)	(20,267)
Carrying amount at end of year	172,592	196,270
Furniture & fittings		
Carrying amount at beginning of year	75,832	56,991
Additions	5,835	40,966
Disposals	-	(7,465)
Depreciation expense	(12,049)	(14,660)
Carrying amount at end of year	69,618	75,832

Note 10. Intangible assets

Franchise fee

At cost	57,686	57,686
Less accumulated amortisation	(34,611)	(23,074)
	23,075	34,612

Note 11. Trade and other payables

Current

Other payables	18,596	15,115
Accrued expenses	37,649	28,100
	56,245	43,215

Note 12. Provisions

Current

Annual leave	23,090	14,264
Long service leave	22,362	19,379
	45,452	33,643
Number of employees at year end	7	6

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 12. Provisions (continued)		
(a) Movement in employee benefits		
Opening balance	33,643	63,994
Additional provisions recognised	18,953	10,137
Amounts utilised during the year	(7,144)	(40,488)
Closing balance	45,452	33,643

(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.

The non-current portion for this provision includes amounts provided for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

	2015 \$	2014 \$
Note 13. Share capital		
532,300 Ordinary shares fully paid of \$1 each	532,300	532,300

Movements in share capital

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.

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 14. Leases

Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements:

Payable-minimum lease payments:

- not later than 12 months	75,400	75,400
- between 12 months and five years	75,400	150,800
	150,800	226,200

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. The rental agreement allows for an annual increase by CPI. An option exists to renew the lease at the end of the 5 year term for two additional term of 5 years each.

Note 15. Statement of cash flows

(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	317,666	258,612
As per the statement of cash flow	317,666	258,612

(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities

Profit after income tax	14,123	46,920
Non cash items		
- Depreciation	35,727	34,927
- Amortisation	11,537	11,537
- Loss/(Profit) on sale of assets	-	8,426
Changes in assets and liabilities		
- (Increase) decrease in prepayments	18,132	(13,537)
- (Increase) decrease in receivables	13,468	567
- Increase/(decrease) in income tax	(2,522)	18,157
- (Increase) decrease in deferred tax asset	(7,831)	4,063
- Increase (decrease) in payables	13,030	(6,288)
- Increase (decrease) in provisions	11,809	(30,351)
Net cash flows from/(used in) operating	107,473	74,421

Notes to the financial statements (continued)

Note 16. Director and related party transactions

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 is as follows:

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

Dianne Louise Taylor

Michael John Sgroi (resigned 23 February 2015)

Dominic Stambe (resigned 23 February 2015)

Petar Ivetic (resigned 23 February 2015)

David Eric McPherson (resigned 26 November 2014)

Mark Daniel Eaton (resigned 26 November 2014)

Serah Van Haeften

Stephanie Barbara Christie

Sebastian James Leeder (resigned 26 November 2014)

Robert Davies

Arianne Susan Rose (appointed 26 November 2014)

Peter Kenneth Merritt (appointed 23 March 2015)

Michelle Li James (appointed 2 February 2015)

Cynthia Marie Lahiff (appointed 23 March 2015)

Susan Carolyn Brown (appointed 23 March 2015)

Yi Yu (appointed 23 March 2015)

Fees paid to Directors are disclosed in the Remuneration Report.

The company has incurred accounting costs of \$11,852 which were paid to McPherson Financial Solutions of which David McPherson has beneficial interest. These transactions were on normal commercial terms and no more favourable than those available to other parties.

Notes to the financial statements (continued)

Note 16. Director and related party transactions (continued)

(d) Key management personnel shareholdings (continued)

	2015	2014
Dianne Louise Taylor	10,000	10,000
Michael John Sgroi (resigned 23 February 2015)	10,000	10,000
Dominic Stambe (resigned 23 February 2015)	10,000	10,000
Petar Ivetic (resigned 23 February 2015)	-	-
David Eric McPherson (resigned 26 November 2014)	-	-
Mark Daniel Eaton (resigned 26 November 2014)	-	-
Serah Van Heaften	-	-
Stephanie Barbara Christie	-	-
Sebastian James Leeder (resigned 26 November 2014)	-	-
Robert Davies	-	-
Arianne Susan Rose (appointed 26 November 2014)	-	-
Peter Kenneth Merritt (appointed 23 March 2015)	-	-
Michelle Li James (appointed 2 February 2015)	-	-
Cynthia Marie Lahiff (appointed 23 March 2015)	-	-
Susan Carolyn Brown (appointed 23 March 2015)	-	-
Yi Yu (appointed 23 March 2015)	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

Note 17. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 18. Contingent liabilities and assets

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

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mount Waverley, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

Note 20. Company details

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

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 21. 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:

Profit after income tax expense	14,123	46,920
Weighted average number of ordinary shares for basic and diluted earnings per share	532,300	532,300

Note 22. Dividends paid or provided for on ordinary shares

(a) Dividends proposed and not recognised as a liability

Franked dividends - 7.5 cents per share (2014: 8 cents per share)	39,923	42,584
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(b) Dividends paid during the year

Previous year final		
Unfranked dividends - Nil	-	-
Franked dividends - 8 cents per share (2014: 8 cents)	42,584	42,584

(c) Franking credit balance

The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	157,815	112,513
- Franking credits/(debits) that will arise from the payment of income tax payable as at the end of the financial year	4,329	6,851
- Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
- Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	-	-
- Franking credits that the entity may be prevented from distributing in the subsequent year	-	-
	162,144	119,364

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

Dividend proposed will be franked at a rate of 30% (2014 - 30%).

Notes to the financial statements (continued)

Note 23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2015 \$	2014 \$
Financial assets			
Cash & cash equivalents	6	317,666	258,612
Trade and other receivables	7	74,502	87,970
Total financial assets		392,168	346,582
Financial liabilities			
Trade and other payables	11	56,245	43,215
Total financial liabilities		56,245	43,215

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 Finance Committee which reports regularly to the Board on 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	
	2015 \$	2014 \$
Cash and cash equivalents	317,666	258,612
Receivables	74,502	87,970
	392,168	346,582

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 (2014: 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.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(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.

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	11	56,245	56,245	-	-
Loans and borrowings		-	-	-	-
Total expected outflows		56,245	56,245	-	-
Financial assets - realisable					
Cash & cash equivalents	6	317,666	317,666	-	-
Trade and other receivables	7	74,502	74,502	-	-
Total anticipated inflows		392,168	392,168	-	-
Net (outflow)/inflow on financial instruments		448,413	448,413	-	-

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	11	43,215	43,215	-	-
Loans and borrowings		-	-	-	-
Total expected outflows		43,215	43,215	-	-
Financial assets - realisable					
Cash & cash equivalents	6	258,612	258,612	-	-
Trade and other receivables	7	87,970	87,970	-	-
Total anticipated inflows		346,582	346,582	-	-
Net (Outflow)/Inflow on financial instruments		389,797	389,797	-	-

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2015 and 30 June 2014.

(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.

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

	Profit \$	Equity \$
Year ended 30 June 2015		
+/- 1% in interest rates	+/- 3,177	+/- 3,177
Year ended 30 June 2014		
+/- 1% in interest rates	+/- 2,586	+/- 2,586

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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(d) Price risk (continued)

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.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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 2015 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 2015 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.



Dianne Louise Taylor
Director



Cynthia Marie Lahiff
Director

Signed at Mount Waverley on 4 September 2015

Independent audit report

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



M V ANDERSON & CO

Chartered Accountants

www.mvanderson.com.au

We have audited the accompanying financial report of Pinewood Community Financial Services Limited (the company), which comprises the statement of financial position as at 30 June, 2015 and 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australia Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pinewood Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's Opinion

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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial statements and accompanying notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included on page 3 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Accounting Standards.

Auditor's Opinion

In our opinion the remuneration report of Pinewood Community Financial Services Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

M V Anderson & Co

M V ANDERSON & CO
Chartered Accountants
4th Floor,
313 La Trobe Street,
Melbourne Vic 3000

Graeme S. Day

GRAEME S. DAY
Partner

Dated: 7 September, 2015

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Commitment
Confidence

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