2021

Annual Report




Pinewood Community Financial Services Limited

ABN 26 099 420 050

Contents

Chairman's report

For year ending 30 June 2021

Dear Shareholders,

Pinewood Community Financial Services Limited (Pinewood) experienced a challenging year in 2020/21, as has everyone in Victoria. For us, the safety of our staff, customers, Directors, and community is paramount and, in this regard, we have come through the year without major problems. Other challenges included low interest rates, low levels of community activity, and an inability to meet face-to-face for significant portions of the year. Despite head winds, we have continued to grow our customer base and business.

In the 2020/21 financial year, we increased our loans and deposits to $279.8 million, an 18.6% gain from prior years of $235.8 million. This includes 21% growth in our loan book. In line with our strategy, our business development activities in the Chinese community developed substantially during the year to a total of over $27 million in loans and deposits as at 30 June 2021. Director Peter Pan has continued to successfully develop relationships and business with this community, and I would like to thank Peter for his continued efforts. In May 2021, Bendigo and Adelaide Bank gave an in-principle agreement for Pinewood to open a sales and campaign office in the Melbourne CBD. We are actively looking at how best to structure this office, bearing in mind how the CBD is weathering the current lockdown situation. Continued successful business development with this community could lead to substantial growth and investment for Pinewood in the future.

Unfortunately, low interest rates have caused a substantial deterioration in our margin income. Despite the growth in loans and deposits low interest rates have contributed to a small shortfall in budgeted revenue and EBIT. This is the first time we have missed our operating profit target since I have been Chairman. With the drop in income, our dividend has been reduced slightly to 13.5 cents per share from last years 14 cents per share. As interest rates cannot reduce much further, we believe this is now the bottom of the cycle and that interest rates will start trending upwards over the course of the next one to two years.

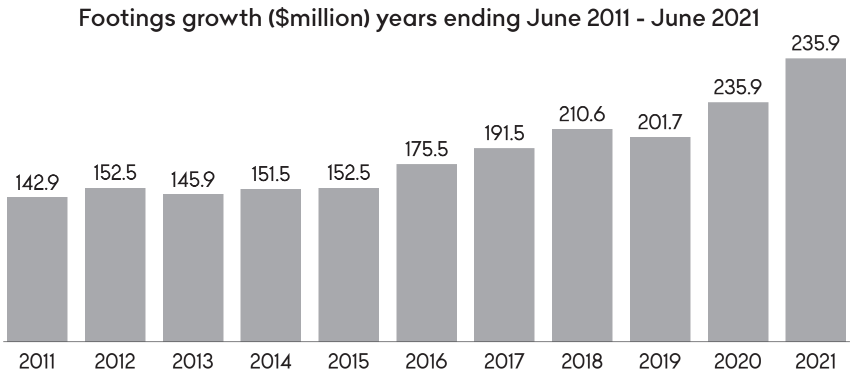
In November 2020, Pinewood held its fourth annual Pitch Night and gave away $30,000 to worthy community groups. The event was held completely online with each contestant submitting a video of their Pitch. We did not invite other local businesses to participate in the Pitch Night 2020 due to the pandemic restrictions. Planning the 2021 Pitch Night is in progress which includes local business participation and will provide $60,000 to local community group contestants on the night. I would like to thank Louise Gracey our Sponsorship and Marketing Co-ordinator for her outstanding work in managing the Pitch Night during these challenging times.

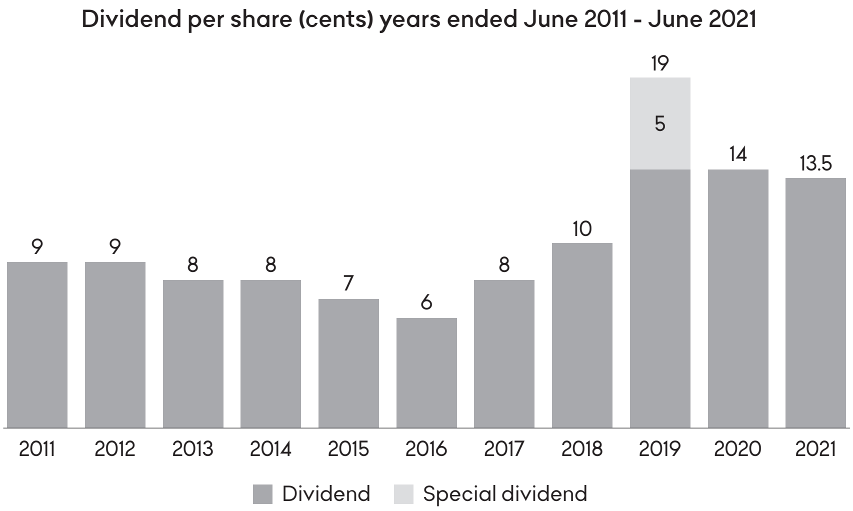
This year also saw the launch of the 'Monash Community Podcast' which is hosted by Director Charles Kovess with Community Bank Pinewood as the major sponsor. The podcast has many interesting features including a 'Council Watch' segment along with interviews of many dynamic local community leaders. With the 'Monash Leader' closure we pivoted to this type of marketing expenditure as an avenue for the community to keep in touch with what was happening locally during lockdowns. The podcast has developed a wide-ranging following and we wish Charles well with this endeavour into the future.

In 2020/21 we saw two Directors Ivy Yu (Director and Treasurer), and Shruti Verma (Director) depart from Pinewood. I would like to thank them for their contributions to the Board and our community over many years.

In 2021, Pinewood launched the inaugural Ericson Community Service Award in recognition of the incredible contribution Merv Ericson (inaugural Branch Manager and former Director) has made to Community Bank Pinewood, our community, and local organisations such as Rotary. The winner of this year's award was John Jarvis, who has contributed to numerous organisations within the City of Monash over many years. John nominated History Monash Inc. as the recipient of the Ericson Community Service Award grant.

The last financial year also saw two new Directors join the Board. Stephen Pewtress and Dwayne Wathen. Stephen is a local resident, operates a business in Mulgrave, and is President of the Waverley Blues Football Netball Club. Dwayne grew up in Monash, is a Financial Controller with the AFL, and has many local personal and community connections. I would like to thank both Stephen and Dwayne (who serves as Treasurer for Pinewood) for their contributions this year and we look forward to many more years of their involvement with Pinewood.





Indu Angammana joined the Community Bank Pinewood team in 2016 and has provided strong leadership for our branch in both a sales and operational capacity since then. In 2020, Indu was formally promoted to the role of Branch Manager and I congratulate Indu for her continued success in this role. I would also like to thank Business Development Manager, Suraj Ranaraja for his outstanding sales results which has seen continued double-digit growth in our loan book for many years. The entire branch team have been stellar contributors to our overall success and continued growth and I thank them for their efforts in a very difficult operating environment.

Finally, I would like to thank all the current Directors for their support of the business and of me as Chairman. Community Bank Pinewood continues to grow, and the commitment of our locally focused and dedicated Board makes a huge difference to our operations. I'm looking forward to the year ahead and to dealing with the many sales and operational challenges that we will face. In particular, our business development efforts with the Chinese community will be something to watch over the course of the year as we expand our operations.

Yours sincerely

Robert Davies
Chairman

Manager's report

For year ending 30 June 2021


Dear Shareholders,

We are pleased to report that Community Bank Pinewood has delivered a strong financial result for the year. This has been achieved through a robust and proactive approach towards managing customer expectations.

Our experienced and dynamic team continued to fulfil customer needs despite the numerous challenges that prevailed during the year under review thereby ensuring the branch's performance.

We continued our significant customer growth for another successive year, with our total number of customers increasing 11.8 percent to a record 3,914. New customers included residential, business loan customers as well as individual customers referred from our increased engagement in the Chinese community.

Total lending, including residential and business lending is at record levels, increased by 21% percent on the prior corresponding period. Deposits grew by 18% percent during the year while total business on the books for the branch grew from $235.8 million to $279.8 million which was a growth of 18.6% percent due to the above-mentioned focused customer strategies.

While the pandemic continues to have an impact on the Australian economy, as well as the communities we work in, our priority will be to continue helping our customers and the community as recovery continues over the next financial year.

As mentioned by Marnie Baker, Bendigo and Adelaide Bank's, Managing Director and CEO -

> *"As Australia's most trusted bank, supporting customers for more than 162 years, we bring proven capability to adapt over time. We will continue to act with integrity and with customers and communities at the centre as we progress our vision to be Australia's bank of choice."*

We also wish to extend our appreciation to the Chairman and Board of Directors for their continued support and confidence placed in us over the years. We continue to have a strong relationship with Bendigo Bank's Victorian state office and regional support staff to ensure full compliance with banking regulations.

Finally, we offer a heartfelt thank you to our shareholders, customers and the numerous individuals and community groups who have referred and assisted us in building a stronger customer base. We would also like to thank the team at Community Bank Pinewood, which includes Paul Tyson, Cathy Torpy, Paul Lai, Emily Cheng, Rhiannon Clay and Louise Gracey for their adaptability, passion and commitment in propelling Community Bank Pinewood to reach its many achievements with their positive attitude.

We look forward to their continued support and to the year ahead.

Yours sincerely

Indu Angammana
Branch Manager

Suraj Ranaraja
Business Development Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.

Collin Brady
Head of Community Development

Directors' report

For the financial year ended 30 June 2021

Your Directors submit their report of the Company for the financial year ended 30 June 2021.

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

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

Yi Yu

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

Ivy has a Bachelor of Commerce and a Master of Business Administration. She is a Certified Practising Accountant (CPA) and Chartered Management Accountant with over 15 years' experience in financial and management accounting at operational, management and strategic levels. Ivy is also the vice chairman and secretary of CPA professional groups. She previously served on the Waverley Music Eisteddfod Committee.

Appointed 23 March 2015 / Resigned 3 September 2020

Sharyn Cowley

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

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

Appointed 27 July 2015

Directors (continued)

Annabelle Lane

Director/ Human Resources Committee Chair

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

Appointed 28 September 2015

Jamie Bedelis

Director/ Investment Committee Member

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

Appointed 31 March 2016

Peter Pan

Director/ Community Engagement Committee Member

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

Appointed 9 August 2017

Shruti Verma

Director/ Human Resources Committee Member

Shruti is undertaking a postgraduate research qualification in Accounting and Finance and has previously worked as an audit associate for a multinational corporation. Shruti was a panellist for the United Nations Association of Australia, Victoria Division humanitarian aid project and has been involved with the ethics, responsibility and sustainability issues. She has been recognised by the Victorian government for her volunteer work with various student boards, communities and organisations.

Appointed 26 February 2018 / Resigned 30 June 2021

Susane Cornelissen

Director/ Community Engagement Committee Member / Human Resources Committee Member

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

Appointed 26 November 2018

Directors (continued)

Charles Kovess

Director/ Community Engagement Committee Member

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

Appointed 22 January 2019

Bronson Justus

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

Bronson is a passionate leader in both business and sportingsectors 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

Stephen Pewtress

Director/ Community Engagement Committee Member

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

Appointed 21 September 2020

Dwayne Wathen

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

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

Appointed 21 September 2020

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 $85,936 (2020 profit: $116,521).

Dividends

	Year ended 30 June 2021	
	Cents per share	$
Final dividends declared:		
- Fully franked dividends	14.00	77,118
Dividends paid in the year:		
- Fully franked dividends as declared in the prior year report	14.00	77,118

Declaration Date: 31 August 2020 **Record Date:** 18 September 2020 **Payment Date:** 30 September 2020

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.

In May of 2021, Bendigo and Adelaide Bank provided authorisation for Pinewood Community Financial Services Limited to open a Sales and Campaign office in the Melbourne CBD. This proposed office is intended to further develop the Company's relationships with the ethnic-Chinese community through a Chinatown Community Bank Campaign. At the end of the financial year, no lease had been signed and business development plans were still in development due to the difficult operating environment in the Melbourne CBD. We expect business plans will be implemented in the 2021-22 Financial year.

Environmental regulations

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

Proceedings on behalf of Company

No person has applied for leave of the court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors benefits

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

	Directors Benefits	$
Robert Davies	Australian Institute of Company Directors (AICD) fees	605
Sharyn Cowley	Australian Institute of Company Directors (AICD) fees	605
Charles Kovess	Monash Community Podcast	8,000

Remuneration report

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

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

	2021 $	2020 $
Robert Davies	18,000	16,000
Yi Yu (resigned 3 September 2020)	1,433	7,200
Sharyn Cowley	6,600	7,100
Annabelle Lane	6,600	7,200
Jamie Bedelis	3,500	2,200
Peter Pan	3,600	3,200
Shruti Verma	3,600	3,200
Susane Cornelissen	3,600	3,200
Charles Kovess	3,600	3,200
Bronson Justus	4,600	1,600
Dwayne Wathen (appointed 21 September 2020)	5,565	-
Stephen Pewtress (appointed 21 September 2020)	3,332	-

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

Indemnifying officers or Auditor

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

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

Directors' meetings

The number of Directors meetings held during the year were 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	5	5	5	5	-	-	12	12
Yi Yu	2	2	1	1	1	1	-	-	-	-
Sharyn Cowley	11	10	5	5	5	5	-	-	-	-
Annabelle Lane	11	11	-	-	-	-	11	11	-	-
Jamie Bedelis	11	11	-	-	5	5	-	-	-	-
Peter Pan	11	11	-	-	-	-	-	-	10	10
Shruti Verma	11	11	-	-	-	-	11	11	-	-
Susane Cornelissen	11	9	-	-	-	-	11	11	10	10
Charles Kovess	11	11	-	-	-	-	-	-	12	12
Bronson Justus	11	11	5	5	-	-	-	-	10	10
Dwayne Wathen	9	9	4	4	4	4	-	-	-	-
Stephen Pewtress	9	9	-	-	-	-	-	-	8	8

E = Eligible A = Attended

Company Secretary

The Company Secretary is Sharyn Cowley.

Auditor independence declaration

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

Signed in accordance with a resolution of the Board of Directors at Mount Waverley on 2nd September 2021.

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 2021 there have been no contraventions of:

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

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

MVA Bennett

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

SHAUN EVANS
Partner

Dated: 2 September 2021

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

Liability limited by a scheme approved under Professionals Standards Legislation

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walker wayland
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 2021

	Notes	2021 $	2020 $
Revenue			
Revenue	2	1,166,457	1,230,684
Expenses			
Administration costs		241,594	209,390
IT expenses		44,954	45,274
Occupancy costs		29,731	28,369
Employee benefits expense	3	566,409	573,273
Depreciation and amortisation expense	3	117,763	115,425
Finance costs	3	13,617	28,879
Other expenses		5,675	7,344
Operating profit before charitable donations & sponsorships		**146,714**	**222,730**
Charitable donations and sponsorships		54,278	84,945
Profit before income tax expense		**92,436**	**137,785**
Income tax expense	4	6,757	21,264
Net Profit for the year		**85,679**	**116,521**
Other comprehensive income		-	-
Total comprehensive income		**85,679**	**116,521**
Profit attributable to members of the entity		**85,679**	**116,521**
Total comprehensive income attributable to members of the entity		**85,679**	**116,521**
Earnings per share (cents per share)			
- basic for profit for the year	23	15.55	21.15
- diluted for profit for the year	23	15.55	24.27

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	573,050	577,820
Trade and other receivables	7	101,664	94,580
Current tax assets	4	6,734	21,041
Other assets	8	168,335	95,486
Total current assets		**849,782**	**788,927**
Non-current assets			
Property, plant and equipment	9	87,319	116,129
Right-of-use assets	10	90,925	168,861
Intangible assets	11	11,019	22,038
Deferred tax asset	4	67,336	60,875
Total non-current assets		**256,599**	**367,903**
Total assets		**1,106,381**	**1,156,830**
Liabilities			
Current liabilities			
Trade and other payables	12	118,808	101,918
Current tax liabilities	4	-	-
Lease liabilities	13	78,583	76,883
Employee benefits	14	76,534	66,188
Total current liabilities		**273,925**	**244,989**
Non current liabilities			
Trade and other payables	12	-	13,330
Lease liabilities	13	8,028	86,887
Provisions	15	19,167	14,167
Deferred income tax	4	-	754
Total non current liabilities		**27,195**	**115,138**
Total liabilities		**301,120**	**360,127**
Net assets / (liabilities)		**805,262**	**796,703**
Equity			
Issued capital	16	569,315	569,315
Retained earnings		235,947	227,388
Total equity		**805,262**	**796,703**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Issued capital			
Balance at start of year		569,315	425,840
Issue of share capital		-	150,000
Share buy-back		-	-
Share issue costs		-	(6,525)
Balance at end of year		**569,315**	**569,315**
Retained earnings			
Balance at start of year		227,388	191,777
Net profit for the year		85,679	116,521
Dividends paid	24	(77,118)	(80,910)
Balance at end of year		**235,947**	**227,388**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,187,915	1,280,066
Payments to suppliers and employees		(1,065,332)	(1,051,700)
Interest received		4,987	5,570
Cashflow boost received		56,222	41,487
Other income received		10,867	3,141
Interest paid		-	(279)
Lease payments (interest component)		(8,617)	(8,617)
Income tax refunded (paid)		335	(73,824)
Net cash flows from operating activities	**17b**	**186,377**	**195,844**
Cash flows used in investing activities			
Purchase of property, plant & equipment		-	(2,715)
Investments in listed securities		(40,511)	(61,553)
Payments for intangible assets			
Net cash flows used in investing activities		**(40,511)**	**(64,268)**
Cash flows used in financing activities			
Dividends paid as declared in the prior year report		(77,118)	(80,910)
Unpaid Dividends		3,640	-
Share issue		-	150,000
Share issue cost		-	(9,000)
Lease payments (principle component)		(77,158)	(73,860)
Net cash flows used in financing activities		**(150,636)**	**(13,770)**
Net increase in cash held		(4,769)	117,806
Cash and cash equivalents at start of year		577,820	460,014
Cash and cash equivalents at end of year	**17a**	**573,051**	**577,820**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

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 2021 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community bank services.

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

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

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

(b) Income tax

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

(c) Property, plant and equipment

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

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

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

Impairment

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

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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

(d) Impairment of assets

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

(e) Goods and services tax

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

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

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

(f) Employee benefits

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

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

(g) Intangibles

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

(h) Cash

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

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

(i) Revenue

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank. The Company delivers banking and financial services of Bendigo and Adelaide Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the Company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the Company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the Company's right to receive the payment is established.

The Company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

1. Summary of significant accounting policies (continued)

(i) Revenue (continued)

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the Company's revenue stream is as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the Company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo and Adelaide Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

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

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

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo and Adelaide Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the Company at least 30 days' notice. Core banking products currently include Bendigo and Adelaide Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,

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

Commission

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

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the Company receives. A change may occur as a result of changes in industry or economic conditions or the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the Company receives on a particular product or service. The effect of the change on the revenue earned by the Company is entirely dependent on the nature and extent of the change.

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

1. Summary of significant accounting policies (continued)

(i) Revenue (continued)

Ability to change financial return (continued)

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

Monitoring and changing financial return

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

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

(j) Receivables and payables

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

(k) Application of new and amended accounting policies

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

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

Asset write-off

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

Impact on comparatives

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

Financial impact

Impacts on the financial statements and notes as at and for the year ended 30 June 2021 are shown throughout this report. As at the date of transition the impact of the new policy is summarised below in the noted items:

Adjustment entries required	$
Property, plant & equipment	(3,815)
Asset write-off	3,815
Retained earnings / (accumulated losses)	**-**

(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.

1. Summary of significant accounting policies (continued)

(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:

Estimation of useful lives of assets

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

Income tax

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

Impairment

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

(q) Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

(i) Financial liabilities

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

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

(ii) Financial Assets

Financial assets are subsequently measured at:

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

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

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.

Derecognition

(i) Derecognition of financial liabilities

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

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

(ii) Derecognition of financial assets

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

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

Impairment

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

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

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

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

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Impairment (continued)

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.).

2. Revenue and other income

	2021 $	2020 $
Revenue		
- services commissions	1,082,709	1,160,771
	1,082,709	**1,160,771**
Other revenue		
- dividends and other investment income	3,336	3,141
- interest received	3,301	5,704
- other income	7,280	-
- cashflow boost	36,640	61,068
- unrealised investment income	31,213	-
- capital gain	1,978	-
	83,748	**69,913**
Total revenue	**1,166,457**	**1,230,684**

3. Expenses

	2021 $	2020 $
Employee benefits expense		
- wages and salaries	471,463	460,384
- superannuation costs	43,762	44,351
- workers' compensation costs	1,864	1,432
- other costs	49,320	67,106
	566,409	**573,273**
Depreciation of non-current assets:		
- furniture & fittings	5,637	7,098
- leasehold improvements	19,356	19,373
- right-of-use assets	77,936	77,936
- asset write-off	3,815	-

3. Expenses (continued)

	2021 $	2020 $
Amortisation of non-current assets:		
- intangible assets	11,019	11,018
	117,763	**115,425**
Finance costs:		
- lease interest expense	8,617	8,617
- make good asset interest expense	5,000	5,000
- ATO Interest paid	-	279
- unrealised investment loss	-	14,983
	13,617	**28,879**
Bad debts	**12**	**1,397**

4. Income tax expense

b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2021 $	2020 $
Prima facie tax on profit before income tax at 26% (2020: 27.5%)	24,033	37,892
Add / (Less) tax effect of:		
- Non-deductible expenses	54,783	6,093
- Taxable Capital Gains	257	-
- Grossed up dividend	225	-
- Non-assessable income	(18,156)	(16,794)
- Other deductible expenses	(46,305)	(7,315)
- Movement in deferred tax	-	9,887
- Net benefit of franking credits on dividends received	-	212
Current income tax expense	**14,837**	**29,975**
The applicable weighted average effective tax rate is	16%	22%
Current income tax expense	14,837	29,975
Origination and reversal of temporary differences	(7,215)	(9,887)
Net benefit of share issue costs	-	2,475
Net benefit of franking credits on dividends received	(865)	(771)
Recognition of previously unrecognised benefit of franking credits on dividends received	-	(528)
Income tax expense	**6,757**	**21,264**
Tax Balances		
Current tax liability / (asset)	**(6,734)**	**(21,041)**
Deferred tax asset	**67,336**	**60,875**
Deferred tax liability	**-**	**754**

5. Auditors' remuneration

Remuneration of the auditor for:

	2021 $	2020 $
- Audit or review of the financial report	**6,250**	**6,150**

6. Cash and cash equivalents

	2021 $	2020 $
Cash at bank and on hand	223,050	174,556
Short term bank deposits	350,000	403,264
	573,050	**577,820**

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

7. Trade and other receivables

	2021 $	2020 $
Current		
Trade debtors	92,719	91,837
Accrued interest	1,057	2,743
Sundry debtors	7,888	-
	101,664	**94,580**

8. Other Assets

	2021 $	2020 $
Investments in listed securities	160,846	87,145
Prepayments	7,489	8,341
	168,335	**95,486**

9. Property, plant and equipment

	2021 $	2020 $
Leasehold improvements		
At cost	202,465	263,624
Less accumulated depreciation	(155,053)	(196,855)
	47,412	**66,769**

9. Property, plant and equipment (continued)

	2021 $	2020 $
Furniture & Fittings		
At cost	147,460	201,524
Less accumulated depreciation	(107,553)	(152,164)
	39,907	**49,360**
Total written down amount	**87,319**	**116,129**
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	66,769	86,142
Additions	-	-
Disposals	-	-
Depreciation expense	(19,357)	(19,373)
Carrying amount at end of year	**47,412**	**66,769**
Furniture & fittings		
Carrying amount at beginning of year	49,360	53,743
Additions	-	2,715
Disposals	(3,815)	-
Depreciation expense	(5,638)	(7,098)
Carrying amount at end of year	**39,907**	**49,360**

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.

	2021 $	2020 $
Leased buildings		
At cost	246,797	246,797
Less accumulated depreciation	(155,872)	(77,936)
	90,925	**168,861**
Total written down amount	**90,925**	**168,861**
Movements in carrying amounts		
Leased buildings		
Carrying amount at beginning	168,861	-
Initial recognition on transition	-	246,797
Accumulated depreciation on adoption		
Depreciation	(77,936)	(77,936)
Carrying amount at end	**90,925**	**168,861**

11. Intangible assets

	2021 $	2020 $
Franchise fee		
At cost	55,093	55,093
Less accumulated amortisation	(44,074)	(33,055)
	11,019	**22,038**

12. Trade and other payables

	2021 $	2020 $
Current		
Other payables	43,247	2,109
Accrued expenses	58,591	86,479
Liability to Bendigo (Franchise & Training Fee)	13,330	13,330
Unpaid Dividends	3,640	-
	118,808	**101,918**
Non-Current		
Liability to Bendigo (Franchise & Training Fee)	-	13,330
	-	**13,330**

13. Lease Liabilities

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

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

Lease liability was measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used was 3.77%.

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

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

	2021 $	2020 $
Current:		
Lease Liability	87,200	85,500
Unexpired interest	(8,617)	(8,617)
	78,583	**76,883**
Non-current		
Lease Liability	9,465	96,941
Unexpired interest	(1,437)	(10,054)
	8,028	**86,887**

13. Lease Liabilities (continued)

	2021 $	2020 $
Impact on the current reporting period:		
Lease liabilities		
Initial recognition on adoption	163,770	237,630
Interest expense	8,617	8,617
Payments	(85,776)	(82,477)
Lease liabilities as at 30 June 2021	**86,611**	**163,770**
Maturity analysis		
- not later than 12 months	78,583	76,883
- between 12 months and 5 years	8,028	86,887
	86,611	**163,770**

14. Employee Benefits

	Note	2021 $	2020 $
Current			
Annual leave	14 (b)	51,373	39,338
Long service leave	14 (b)	25,161	26,850
		76,534	**66,188**
Number of employees at year end		**8**	**7**
(a) Movement in employee benefits			
Opening balance		66,188	54,580
Additional provisions recognised		26,632	16,858
Amounts utilised during the year		(16,286)	(5,250)
Closing balance		**76,534**	**66,188**

(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.

	2021 $	2020 $
Make-good on leased premises	19,167	14,167
	19,167	**14,167**

15. Provisions (continued)

Make-good provision

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

	2021 $	2020 $
Provision		
Balance at the beginning	14,167	-
Initial recognition on transition	-	9,167
make-good costs recognised	5,000	5,000
	19,167	**14,167**

16. Share capital

	2021		2020	
	Number	$	Number	$
Ordinary Shares-fully paid	550,840	575,840	550,840	575,840
Less: Share issue costs	-	(6,525)	-	(6,525)
	550,840	**569,315**	**550,840**	**569,315**

Movements in share capital

No movements in share capital occurred during the 2021 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

	2021 $	2020 $
(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	573,050	577,820
As per the statement of cash flow	**573,050**	**577,820**
(b) Reconciliation of profit after tax to net cash provided from operating activities		
Profit after income tax	85,679	116,521
Non cash items		
- Depreciation	102,929	104,407
- Amortisation	11,019	11,018
- Unrealised investment loss / (income)	(33,978)	14,983
- Make good asset provision	5,000	5,000

17. Statement of cash flows (continued)

	2021 $	2020 $
(b) Reconciliation of profit after tax to net cash provided from operating activities		
Changes in assets and liabilities		
- (Increase) decrease in prepayments	852	480
- (Increase) decrease in receivables	(7,084)	2,584
- (Increase) decrease in deferred tax asset	(7,215)	(9,887)
- Increase (decrease) in income tax	14,307	(42,673)
- Increase (decrease) in payables	3,560	(18,197)
- Increase (decrease) in employee benefits	10,346	11,608
- Increase (decrease) in other assets/liabilities	962	-
Net cash flows from operating activities	**186,377**	**195,844**

18. Director and related party transactions

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

Robert Davies	Yi Yu	Sharyn Cowley
Annabelle Lane	Jamie Bedelis	Peter Pan
Shruti Verma	Susane Cornelissen	Charles Kovess
Bronson Justus	Stephen Pewtress	Dwayne Wathen

Fees paid to Directors are disclosed in the Remuneration 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:

	2021	2020
Robert Davies (Associated interests)	45,000	45,000
Yi Yu	1,000	1,000
Peter Pan	20,500	20,500
Susane Cornelissen	1,000	1,000
Jamie Bedelis (Associated interests)	10,000	10,000

19. Events after the reporting period

The COVID-19 outbreak has affected and will continue to affect economies, asset prices and business operations.

The effects of COVID-19 on aspects of the Company's future operations and performance are difficult to predict.

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

20. Contingent liabilities and assets

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

21. Operating segments

The Company operates in the financial services sector where it provides banking services to its clients. The Company operates in one geographic area being City of Monash, Victoria. The Company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2020: 100%).

22. Company details

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

23. Earnings per share

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

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

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

	2021 $	2020 $
Profit after income tax expense	**85,679**	**116,521**
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**	**480,143**

24. Dividends paid or provided for on ordinary shares

	2021 $	2020 $
(a) Dividends proposed and not recognised as a liability		
Franked dividends - 14 cents per share paid 30 September 2020 (2020: 14 cents per share paid 26 September 2019)	77,118	77,118
Special franked dividends - Nil	-	-
(b) Dividends paid during the year		
Prior year proposed final		
Franked dividends - 14 cents per share paid 30 September 2020 (2020: 14 cents per share paid 26 September 2019)	77,118	59,618
Special franked dividends - Nil (2020: 5 cents per share)	-	21,292
	77,118	**80,910**

24. Dividends paid or provided for on ordinary shares (continued)

	2021 $	2020 $
(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	246,936	202,303
- Franking credits that arose from the payment of current year PAYG income tax instalments	20,706	50,246
- Franking credits that arose from the payment of income tax payable as at the end of the last financial year	-	23,578
- Franking debits that arose from the payment of final dividends proposed as at the end of the last financial year	(27,095)	(30,690)
- Unrecognised franking credits from franked dividends received prior periods	-	728
- Franking credits attached to franked dividends received	865	771
Franking account balance as at the end of the financial year	**241,412**	**246,936**
- Franking credits that will arise from the payment of income tax payable as at the end of the current financial year	-	-
- Franking debits that will arise from the refund of income tax refundable as at the end of the current financial year	(21,042)	-
- Franking debits that will arise from the payment of proposed dividends as at the end of the financial year	-	-
	220,370	**246,936**

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

Dividend proposed will be franked at a rate of 26% (2020: 27.5%).

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	2021 $	2020 $
Financial assets			
Cash & cash equivalents	6	573,050	577,820
Trade and other receivables and prepayments	7	101,664	94,580
Other assets - security investments	8	168,335	95,486
Total financial assets		**843,048**	**767,886**
Financial liabilities			
Trade and other payables	12	118,808	115,248
Total financial liabilities		**118,808**	**115,248**

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.

25. Financial risk management (continued)

(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	
	2021 $	2020 $
Cash and cash equivalents	573,050	577,820
Trade and other receivables	101,664	94,580
Investments	160,846	87,145
	835,560	**759,545**

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 (2020: 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.

Financial liability and financial asset maturity analysis:

30 June 2021	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	12	118,808	118,808	-	-
Total expected outflows		**118,808**	**118,808**	**-**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	573,050	573,050	-	-
Trade and other receivables	7	101,664	101,664	-	-
Other assets - security investments	8	160,846	160,846		
Total anticipated inflows		**835,560**	**835,560**	**-**	**-**
Net (outflow)/inflow		**716,752**	**716,752**	**-**	**-**

25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2020	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	115,248	101,918	13,330	-
Loans and borrowings		-	-	-	-
Total expected outflows		**115,248**	**101,918**	**13,330**	**-**
Financial Assets - realisable					
Cash & cash equivalents	6	577,820	577,820	-	-
Trade and other receivables	7	94,580	94,580	-	-
Other assets - security investments	8	87,145	87,145		
Total anticipated inflows		**759,545**	**759,545**	**-**	**-**
Net (Outflow)/Inflow		**644,297**	**657,627**	**(13,330)**	**-**

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2021 and 30 June 2020.

(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 2021		
+/- 1% in interest rates	+/- 3,259	+/- 3,259
Year ended 30 June 2020		
+/- 1% in interest rates	+/- 3,113	+/- 3,113

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

25. Financial risk management (continued)

(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 2021 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 2021 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	**Dwayne Wathen**
Chairman	**Director/ Treasurer**

Signed at Mount Waverley on 2nd September 2021

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 2021, 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 2021 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 2021 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.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MVA Bennett

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

SHAUN EVANS
Partner

Dated: 2 September 2021

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

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