

Pambula & District Community Development Limited

(Franchisee Pambula **Community Bank®**)

Branch, Bendigo Bank)

ABN 27 128 796 458



Annual Report 2015

Photo courtesy of Merimbula News Weekly

Presentation Ceremony of the company's \$21,000 grant to the St James House Emergency Accommodation Project, being built in Merimbula

From left to right

Kim Stevenson (Pambula Branch Manager, Bendigo Bank),
Wayne Matthews (Chairman, Pambula & District Community Development Ltd),
Reverend Lou Oakes (Assistant Minister, Sapphire Coast Anglican Parish),
Philip Smith (Mobile Relationship Manager, Bendigo Bank),
Archdeacon the Venerable David Ruthven (Rector, Sapphire Coast Anglican Parish),
Ken Traise (Parish Council Chairman, Sapphire Coast Anglican Parish).



**Pambula & District
Community Development Limited**
(Franchisee Pambula **Community Bank®** Branch,
Bendigo Bank)
ABN 27 128 796 458

Annual Report 2015

Presented to the **Annual General Meeting**,
held on Wednesday 25th November 2015, at 7.00 pm
in the Pambula Merimbula Golf Club

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Chairman's Report

I have been a Director of the company since our beginning in 2008. During most of this time I have been the Chairman. I am pleased to report that our company, through the efforts of the Directors and staff, has achieved yet another stellar result.

Community Investment

During the year, we have increased the value of our community balance sheet (sponsorships, grants and donations), by the amount of \$102,285 to a total of over \$385,000 since our company commenced trading. This includes our largest grant of \$21,000, which came from part of the funds we put into the Bendigo Bank's Community Enterprise Foundation™ last year. This \$21,000 grant was used as leverage, together with funds raised from other sources, to fund a community partnership project to provide emergency accommodation in our local area.

Profit

Our gross profit (net income) grew from \$1,033,582 in 13/14 to \$1,184,058 in 14/15. And our profit before tax in 14/15 was \$260,831, an increase of 86% over the previous year. At the end of 14/15, we have accumulated losses of \$73,921 - we expect to eliminate these accumulated losses and pay tax in 15/16.

In 2014/15, we have again made a deposit of funds into the Community Enterprise Foundation™ (CEF), this time of \$40,000 plus GST. A deposit to the CEF is tax deductible for the company, but incurs a one-off management fee of 5%. This amount will show as an expense in our Profit and Loss. Had we not done this, we would have increased our taxable income by that amount.

Dividends

Although we have had a very good year profit wise, the Board of Directors has deliberated long and hard over this matter. The two main areas of concern were: do we pay a dividend at all, because of the high costs involved with the opening of Bega in September 2015, and whether to make the dividend franked. It has been decided to defer consideration of a dividend until early in 2016, in order to protect our cash reserves during the period of opening and establishing the new site in Bega, and enabling us to concentrate on growing the business for the future benefit of all shareholders and the community.

Expansion

Last year, I said watch this space. Well, the watching and waiting is over. During this year, we have worked with Glen Brunette of Eden Realty to set up a Bendigo Bank Agency at his office in Eden. This agency is now providing a full range of banking services to the Eden community, enhancing the services available to our customers, and also giving us a spring board towards a possible future branch in Eden.

You would already know that we have now opened our new branch in Bega, in part of what was the old Target building. Our Bega Manager is Philip Smith. Well known in the local area, Philip has been employed by us for a fair part of this year. This has been an extra cost to our bottom line, but it has enabled him to get business on the books for us. Our Deputy Chairman Lyndon Lewis has done a fantastic job in dealing with the day-to-day dramas that arose.

For those of you who haven't been to our Bega branch, you will notice it's not like other banks: we have put in a coffee shop to make the place welcoming! We also include a community meeting room which will serve as our Board room. What we have created in Bega is not a bank branch but a community hub.

Directors

During the year, we welcomed new Directors Gordon Matthews and Darryl Watts, and we farewelled one Director, Anne Allamby. Her talents and commitment were a great asset to the Board.

Because of our expansion to Bega, we have been recruiting some Directors who have local community knowledge and experience in Bega and the surrounding areas, to serve on the Board. The ideal situation would be equal representation from the northern and southern parts of the Bega Valley Shire, but that is a work in progress.

I have enjoyed the challenge of being the Chair of our company, and would be happy to stay on in that position if re-elected.

Thanks to so many

There are a number of people I would like to thank on behalf of the Board for their support during the year:

- Thanks to my fellow Directors, you all have helped me get through what has probably been my hardest year to date. I'm so privileged to work with such a group of such professional and passionate people who dedicate their time for free, to help to make our community a better place to live.
- Lyndon Lewis has been a great support during the year in a number of areas. Firstly, he has taken over the role of Chair on a number of occasions to enable me to get away for a while, but more importantly his role in dealing with the day-to-day expansion to Bega has shown great professionalism.
- Kerry Lewis, our Minute Secretary, who has done a great job in giving us an accurate report of our meetings.
- Jim Crawford, our Regional Manager, who has worked hard to help us get our Agency in Eden and the new branch in Bega up and running.
- The many community groups and organisations that we have worked with, providing support through partnerships and sponsorships and the community as a whole. The ultimate goal is to add value to our business, and so grow the eventual returns for the shareholders and communities.
- Our shareholders who took the initial risk by investing in the company, and by doing so have enabled the **Community Bank®** concept to be established in the Bega Valley.

- And a special thanks to our Managers and staff who have now made our Pambula & District **Community Bank**[®] Branch one of the highest performing branches, not only in NSW, but also Australia. This is not just a one off, but has been achieved year after year.

To all involved, my sincere thanks, and we look forward to the challenges of the coming year.



Wayne Matthews
Chairman



Scooping the NSW State Awards in June 2015

From left to right:

Wayne Matthews, Philip Smith, Kim Stevenson, Jim Crawford

Deputy Chairman's Report

Once again, It has been my absolute pleasure to serve on your Board and it never ceases to amaze me how much my fellow directors continually contribute to the company. I am absolutely certain that they derive a great deal of satisfaction from doing so, as I do.

During this financial year, thanks to our very hard working team, which includes our Management and staff, we reached the stage of gaining the confidence to move forward and expand the operation to Eden, in the form of an Agency, and then to plan expansion into Bega, with a full Franchise branch to be opened there in the first half of 2015/16.

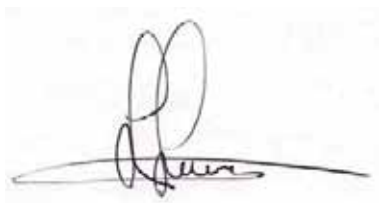
We look forward to a much broader scope of business opportunities to be accessed through the Bega location, given that it is central to the agricultural activities within our district and the primary business hub of the Bega Valley.

As we move into the next phase of our business model having multiple locations, we expect your company to prosper significantly and continue to return healthy dividends once consolidated.

As this takes place, trading activity of our shares is also expected to increase and although the Low Volume Market that our shares are traded on is still very cumbersome to administer, the State Revenue Office has again advised us, that Stamp Duty on LVM share trading will be removed as of the 1st of July 2016. Should this come to fruition, unlike in 2013 when previously promised, it will simplify the share trading process significantly.

Again for your reference, the *"Register your interest to Sell and Buy shares"*, along with the *"Security Transfer"* forms, can be found on the Bendigo Community branch website which also includes a guide to trading on the LVM and my contact number should you require any further information or assistance.

I look forward to continued service on your Board and anticipate a very exciting year ahead for *Pambula & District Community Development Limited*, as we focus on new horizons and position ourselves as not only the bank of choice in our district, but also becoming the major contributor to our local community's needs.

A handwritten signature in dark ink, appearing to read 'Lyndon D Lewis', with a long horizontal flourish extending to the right.

Lyndon D Lewis
Deputy Chairman

Pambula Manager's Report



As we approach our seventh birthday, it is very pleasing as the Branch Manager to once again report excellent business results for another financial year. As a team, we have achieved remarkable results in many areas. As at 30 June 2015, our total business stood at \$138.8 million, comprising \$83.8 million in lending and \$55.0 million in deposits, which attributed to the overall company netting a healthy positive profit before income tax. These figures represent a business growth rate of 22.8% on the previous year, equating to direct business growth of \$25.8 million over the past 12 months.

Pambula & District **Community Bank®** Branch was named 'Branch of the Year NSW/ACT 2014/15' and this is an award to be extremely proud of. This is a true testament to the hard work ethic and dedication of an excellent team of staff who work hard to achieve excellent results in all areas and strive for positive outcomes for our customers, our shareholders and our business. We have been named 'Branch of the Year' on numerous occasions, so it is heartening to know there is consistent excellent business results and growth being achieved, providing future opportunities for the company.

We now have over 3,000 customer relationships. As we constantly provide excellent customer service, products and services and welcome new and existing customers to our branch daily, more people are choosing to have their banking with their local **Community Bank®** branch.

As our current business model is so successful, we have placed the company in great stead to expand its banking operations to the heart of the Bega Valley Shire, in the Bega township itself. With the Bega branch opening in September 2015, it is a true testament to the efforts of the current staff and Directors of the company to be in such a positive position within seven years of the company commencing trading.

It is also on the back of the confidence of our shareholders and customers, who believe in our banking model and constantly support us, that we in turn are in a position to constantly support the local community via our monetary sponsorships and grants programs.

So, as we head into our eighth year of trading, there is much to be excited about and look forward to in the year to come. With the opening of the Bega **Community Bank®** branch, the company will be employing 11 local staff to service two branches, and that is also something to be extremely proud of.

I wish you all the very best for the remainder of 2015, and may the year 2016 be great for one and all.



Kim Stevenson
Pambula & District **Community Bank®** Branch Manager

Regional Manager's Report



Thank you all very much for your support as shareholders and customers.

On 1 July 2015, Bendigo Bank marked its twentieth anniversary of the **Community Bank®** model.

Today there are over 311 **Community Bank®** branches. The **Community Bank®** network is operated by more than 2,000 volunteer Directors, 1,500 staff, 73,000 shareholders and many more customers who share the vision of creating sustainable communities.

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner.

In 2015, Bendigo Bank was awarded the Roy Morgan 'Business Bank of the Year Award' for the fourth year in a row and Roy Morgan's customer satisfaction research shows its customers are consistently highly satisfied.

In May, Bendigo Bank also took the top spot among Australia's financial institutions on the Corporate Reputation Index, ranking 7th overall out of 60 companies in products and services, innovation, leadership, performance, governance, citizenship and workplace.

Bendigo Bank was also named a BRW Top 50 Innovative Company in 2014 for its innovative retail point of sale mobile payment solution, redy. It was invited to showcase redy among 65 world-leading financial innovators at Finovate Europe in London.

In the past year, the South East NSW Region of which your **Community Bank®** company is a part, rated in the top five regions nationally. Pambula & District Community Development Limited played a very big part in the success of our region.

Our region has supported their communities and our nine **Community Bank®** branches have invested over \$4 Million in their communities, to build our community balance sheets.

This is what drives each and every one of our people and we invite you as **Community Bank®** company shareholders to support us, as we work with our partners to deliver on our goals and ensure our sustained and shared success.

I am proud to be given an opportunity to work with your team of dedicated, professional and talented staff and Directors.

Your **Community Bank®** company has delivered an outstanding set of results in the past financial year and I would like you to join with me in congratulating your team on a great past year.

Jim Crawford
Regional Manager, South East NSW

Support for the Community – Sponsorships, grants and donations

St James House Crisis Accommodation Project, Merimbula

This year saw the company's largest grant to date:

- \$21,000 was awarded to the Social Justice Advocates of the South Coast (SJASC), for a community project to build a crisis accommodation room, in the grounds of St Clements Anglican Church in Merimbula.
- The crisis accommodation room is designed to provide an immediate overnight shelter solution for those persons who approach clergy seeking refuge and assistance and have not been able to obtain shelter elsewhere.
- The project is a community partnership, being jointly run by the SJASC and the Sapphire Coast Anglican Parish.
 - *See cover photo of the presentation of the company's grant.*

The company's grant acted as leverage towards obtaining funding from other sources (including fundraising and a NSW State government grant), to enable the project to go ahead. Construction will commence in the second half of 2015. The grant was made from funds held in our company's account with the Bendigo Bank's Community Enterprise Foundation™.

Tulgeen Disability Services

A grant of \$10,000 was awarded to Tulgeen Disability Services. With its headquarters in Bega, Tulgeen is a professional provider of services to people with a disability in the Bega Valley Shire.

The grant was towards a disabled access pathway at Tulgeen's Riverside Nursery.

Sponsorship rounds

During the year, two sponsorship rounds were held, and sponsorships and donations were awarded to the following organisations.

- Animal Welfare League – FSC Branch
- Imlay House Pambula Auxiliary
- Tathra Beach Tennis Club
- Tathra Lions Club
- Merimbula Rock & Rodders Club
- Eden Whalers AFL
- Merimbula Evening View Club
- Merimbula District Arts Group
- Rotary Club of Pambula
- Pambula & District Hospital Auxiliary
- Far South Coast Schools Network
- Bega Volunteer Rescue Group
- Eden Community Radio
- Pambula Tennis Club
- Bega Valley Potters

- Pambula Public School Special Needs Class
- Candelo Playgroup
- Far South Coast Legacy
- Pambula Merimbula Week of Golf
- Bega Valley Parkinsons Group
- Sapphire Coast Orchid Club
- Sapphire Mobile Preschool
- Tura Beach Womens Bowling Club
- Bega Valley Little Athletics
- Eden Service and Social Club
- Tathra Beach Womens Bowls
- Footprint Theatre
- Candelo Landcare Group
- Merimbula 1st Scouts
- Anglicare Eden Emergency Relief
- Eden Chamber of Commerce
- Eden Killer Whale Museum

Information on the company's sponsorship rounds is available on our website or by contacting the Sponsorship Committee.



Corporate Governance Statement

The Board is comprised entirely of non-executive independent Directors, who volunteer their time and skills as a service to the company and the community. Details of their experience and skills are given in the following section. All Directors undertake appropriate on-going training related to their roles and responsibilities.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The Board also works to ensure that the company is an employer of choice in the local area.

The following subcommittees have been established to assist and advise the full Board. The subcommittees address operational matters and draft policies, procedures and proposals for the full Board. They meet flexibly as required.

- Human Resources
- Business Development and Marketing
- Sponsorship
- Community Strengthening
- Governance, Audit and Risk

Identifying and managing business risks

The Board monitors the operational and financial performance of the company against the budget and other key performance measures. The Board also receives advice on areas of operational and financial risks, and develops strategies, in conjunction with management, to mitigate those risks.

Independent professional advice

Directors have the right to seek independent professional advice relating to their duties as a Director at the company's expense.

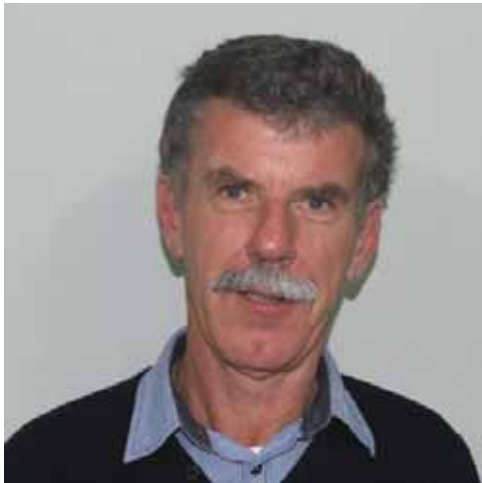
Communication with shareholders

As the Board acts on behalf of the shareholders, the Board aims to ensure that shareholders are informed of all major developments affecting the company's activities and operations, including information necessary to assess the performance of Directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report
 - This is made available to the market and all shareholders on the company's web pages within the *Bendigo and Adelaide Bank* website (search for *Pambula Community Bank*, then *Investor Relations*). Hard copies may also be collected at the Pambula & District **Community Bank®** Branch.
- Company Announcements – released to the media and also made available on the company's web pages
- the Annual General Meeting papers
- Newsletters distributed quarterly by mail.

Director Profiles



Wayne Robert Matthews, Chairman

I am currently retired, but assist family members running several businesses. My most recent full time employment was as CEO of a family company that manufactured transportable homes. This business employed 45 people and was 20 years old when we sold it. I also spent many years in the Army Reserve, finishing as a Second Lieutenant. I am a member of the *Rotary Club of Pambula* and recently received the President's Award.



Lyndon Daryl Lewis, Deputy Chairman

Now semi-retired as a business owner, I have held a number of senior management and director positions in fields as varied as transport, aluminium, distribution, retail, electronics, recording, musical and manufacturing industries.

My qualifications include electronic technology, marketing, sound and recording engineering (RMIT) and design drafting.

Along with my wife Kerry, I am the founder and operator of *Sapphire Coast Rock 'N Roll*, an annual dance festival designed to boost tourism and the economy in the local area.

Currently I am also a director of LKL Holdings Pty Ltd.



Janet Patricia Brandon, Company Secretary

As a career Federal public servant, most of my service was with the *Department of Foreign Affairs and Trade*. I had three overseas postings, including as Consul in Greece, and Vanuatu. My professional experience includes policy and program management, financial operations, consular and passport operations, property, security and HR.

Since retiring from the paid workforce, I have been involved as a volunteer in a number of community organisations and activities in the local area. It has been a pleasure to be able to give my time to assist organisations and activities that benefit the community:

- *Sapphire Coast Anglican Parish*, as Treasurer
- *Pambula Aquatic Centre*, as Secretary and Public Officer
- *Sapphire Aquatic Ltd*, as Public Officer
- *Rotary Club of Pambula*, as Secretary and then President
- *Community Carers Accommodation South East*, as founding President
- *Anglicare Regional Alliance*, as emergency relief worker

I have served as an elected Trustee of the *Anglican Diocese of Canberra & Goulburn Property Trust*, a corporate body which is responsible for the management and investment of the financial and real estate assets held by the Diocese.



Colin Robert Dunn, Treasurer

Currently a retired academic, I am a Certified Practising Accountant, and hold qualifications in economics and commerce, secondary teaching and computing.

I have worked as a senior lecturer at the RMIT University School of Management and in teaching curriculum development, school management, and policy with the Victorian and Federal governments.

With strong interests in business development and entrepreneurship, I have been:

- President of the Small Enterprise Association of Australia and New Zealand,
- President of the International Council for Small Business, and
- Treasurer/Secretary of the Australasian Institute of Enterprise Facilitation.

Other interests include community work, especially with the *Rotary Club of Pambula* (as Treasurer, Secretary and President).

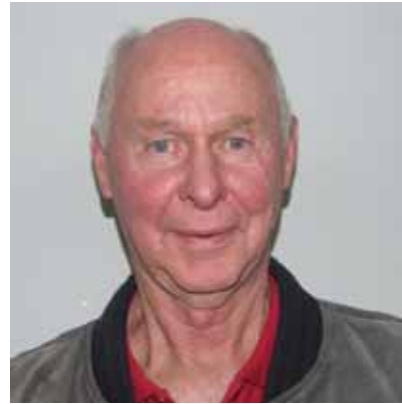


Russell John Fitzpatrick, Director

I am currently active in a number of roles across the local community:

- Councillor, *Bega Valley Shire Council*
- Life Member, Group 16 Rugby League and Merimbula/Pambula Minor Rugby League
- Board Member, *Southern NSW Health Board*
- Board Member, *Regional Development Australia – Far South Coast Region*
- Chairman, *Pambula Sporting Complex Committee*
- Chairman, *Pambula Show Society*

On the professional side, I am a former Bank Manager with 25 years' experience in the banking and finance industries. As a small business operator, I owned and ran a hotel for ten years. I am currently the administration manager for a major local transport company.



Stephen John Goodchild, Director

Now retired, my early career was in engineering and banking, and then with the Department of Education NSW for some 40 years as a primary school teacher.

I have lived and taught in most areas of the State, with 20 of those years as a Primary School Principal.

I had the opportunity to design and oversee the building of a school in Thailand for the Snowy Mountains Engineering Corporation. At this road project I taught the Australian children on the project from Kindergarten to Year 11.

I have lived in the local area for some 30 years, and during this time I was Principal at Wyndham and Wolumla Schools and IT Teacher/Manager at Merimbula School.

Since retiring from teaching, I have owned and operated a local "Bed & Breakfast" business and continued with my other interests of information technology, web design, mathematics coaching, photography, golf and community work generally.

My local community involvement and experience includes the *Rotary Club of Pambula*, where I have been a member for nearly 20 years. I have served on the Rotary Club's Board of Directors for most of that time, have held the position of President twice and have been Assistant to the District 9710 Governor for 3 years.



Gordon John Matthews, Director

I have 40 years' experience in the motor industry, including as Finance Manager for five years and managing a dealership for 18 years. I am currently the Sales and Finance Manager for Bega Valley Motors.

I also have extensive community involvement through my long term membership of Lions International. I have been a Lion for 25 years, first in Victoria and now with the Pambula Merimbula Lions Club. I have been Club President on several occasions. In 2012, I was elected to Cabinet, where I have held and continue to hold the position of Zone Chairman for District 201 N2. In this capacity, I foster and support seven clubs in my zone, from Narooma to Eden.



Darryl Watts, Director

I am a retired business executive, with 42 years experience. I have worked for a number of major companies, including Harris Farm Markets and Woolworths. I have been a divisional GM for Metcash Distribution and a past member of IGA state and national boards. I am a past fellow of the Australian Institute of Management.



Anne Elizabeth Allamby, Director

Currently occupied with the care of two young children, seven and five years old, I am involved weekly as a local volunteer at the local primary school and also as a member of the local Preschool Association. I have formerly been employed as a Director of a private company, and in small business managerial roles in industries as diverse as fashion design and retail, allied health, and most recently interior and cabinet design for a local joinery.

I was born in Bega and raised in Merimbula. I completed a Bachelor of Design at UTS in Sydney and worked in Sydney and Melbourne for a number of years, finally resettling in Pambula.

- My interests include involvement with the local Anglican Parish (including teaching Sunday School) and with music. I have worked as a tutor in clarinet, piano and music theory, have been musical director of local theatre productions and have sat on the committees of the Forest Band Society Inc, and the Sapphire Coast Music Society.

I am passionate about keeping our local communities self-sufficient and economically sustainable and believe we should embrace the new (eg technology, social networking etc), to help preserve what we value about a traditional "country community" way of life.

**Pambula & District
Community Development Limited**

Financial Statements

30 June 2015

Pambula & District Community Development Limited
ABN 27 128 796 458
Directors' Report

Your directors submit the financial statements 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:

Wayne Robert Matthews

Chairman

Occupation: Retired

Qualifications, experience and expertise: Wayne is currently retired but assists family members running some of the businesses. Wayne's last full time employment was CEO of a family company that manufactured transportable homes. The business employed 45 people and was 20 years old when it was sold. Spent many years in Army Reserve finished a 2nd Lieutenant after doing a 23 month part time training course. A member of Rotary and was recently awarded the Presidents award.

Interest in shares: 24,001

Colin Robert Dunn

Treasurer

Occupation: Retired

Qualifications, experience and expertise: Colin's qualifications include: Bachelor of Economics and Commerce, Trained Secondary Teacher's Certificate, Graduate Diploma in Computing and Certified Practising Accountant. Colin's work experience include: Senior lecturer RMIT University School of Management, Coordinator - Youth Enterprise South west, Manager at Enterprise Education, Assistant Director at the Department of Education and Youth Affairs and Deputy Principal at Lake Tuggeranong College. Colin is a member of the Rotary Club of Pambula and has previously been the Treasurer and President and is currently the Secretary.

Interest in shares: Nil

Lyndon Daryl Lewis

Deputy Chairman

Occupation: Semi-retired director and business owner

Qualifications, experience and expertise: Lyndon's qualifications include: Electronic tech, various Management, Marketing and finance qualifications, Sound & Recording at RMIT and Design drafting. Previous occupations in various industries which include the: transport, aluminium, electronics, recording musical and manufacturing.

Interest in shares: 5,000

Russell John Fitzpatrick

Director

Occupation: Manager - Transport

Qualifications, experience and expertise: Experience & Expertise: Ex bank industry executive, own business owner, current Bega Valley Shire Councillor, Chairman Pambula Hospital Advisory Board, Chairman Pambula Show Society, Chairman group 16 Rugby League, life member minor rugby league, Current NSW Hospital, Board Member Southern NSW Health, Board Member Regional Development Australia Far South Coast.

Interest in shares: Nil

Janet Patricia Brandon

Director/ Secretary

Occupation: Retired

Qualifications, experience and expertise: Ex-Public Servant Executive, management experience in a number of community not-for-profit organisations. Former Treasurer of Sapphire Coast Anglican Parish, past President of Rotary Club of Pambula, Past Secretary of Pambula Aquatic Centre Inc. Bachelor of Arts (University of Sydney)

Interest in shares: 3,000

Stephen John Goodchild

Director

Occupation: Business owner

Qualifications, experience and expertise: Has owned Bed & Breakfast business, experience as a land surveyor and a past primary school teacher. Involved in Pambula Rotary club and golf club. Diploma of Teaching.

Interest in shares: Nil

Directors (continued)

Gordon John Matthews

Director (Appointed 24 September 2015)

Occupation: Finance, Sales and Marketing Manager

Qualifications, experience and expertise: Gordon has 40 years experience in the motor industry, including as a Finance Manager for five years and managing a dealership for 18 years. He is currently the sales and finance manager for Bega Valley Motors. Gordon also has extensive community involvement through his long term membership of Lions International. He has been a Lion for 25 years, first in Victoria and now with the Pambula Merimbula Lions Club. Gordon has been Club President on several occasions. In 2012, he was elected to Cabinet where he has held and continues to hold the position of zone Chairman for District 201 N2. In this capacity he fosters and supports seven clubs from Narooma to Eden.

Interest in shares: Nil

Darryl Watts

Director (Appointed 22 April 2015)

Occupation: Retired

Qualifications, experience and expertise: Retired corporate executive, state and national manager of various businesses, 42 years in business management.

Interest in shares: 1

Anne Elizabeth Allamby

Director (Resigned 23 March 2015)

Occupation: Mother/Community Volunteer

Qualifications, experience and expertise: Currently occupied with the care of 2 young children, 6 and 4 years old, Anne is involved weekly as a volunteer at the local primary school, and also as a member of the local preschool association. Anne has formerly been employed as a director of a private company, and in small business managerial roles in industries diverse as fashion design and retail, allied health, and most recently interior & cabinetry design for a local joinery. Anne was born in Bega and raised in Merimbula, and as an adult resettled in Pambula after completing a Bachelor of Design at UTS in Sydney, and working in Sydney and Melbourne for a number of years. My other interests include involvement with the local Anglican church parish (including teaching Sunday School) and with music: Anne has worked as a tutor in clarinet, piano and music theory, have been musical director of local theatre productions, and have sat on the committees of the Forest Band Society Inc. and the Sapphire Coast Music Society. Anne is passionate about keeping our local communities self-sufficient and economically sustainable and believe we should embrace the new (e.g. technology, social networking etc.) to help preserve what we value about a traditional "country community" way of life

Interest in shares: 1,000

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

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

Company Secretary

The company secretary is Janet Brandon. Janet was appointed to the position of secretary on 29 November 2012.

Qualifications, experience and expertise: Janet has many years of management experience across a number of not for profit organisations. She is the former Treasurer of the Sapphire Coast Anglican Parish, and a past secretary of the Pambula Aquatic Centre. Prior to Janet being appointed to the role Darryl Watts was the company secretary.

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Pambula & District Community Development Limited
ABN 27 128 796 458
Directors' Report

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2015	Year ended 30 June 2014
\$	\$
181,410	95,405

Remuneration report

No director of the company receives remuneration for services as a company director or committee member.

Directors' shareholdings

Wayne Robert Matthews
 Colin Robert Dunn
 Lyndon Daryl Lewis
 Russell John Fitzpatrick
 Janet Patricia Brandon
 Stephen John Goodchild
 Gordon John Matthews (*Appointed 24 September 2014*)
 Darryl Watts (*Appointed 22 April 2015*)
 Anne Elizabeth Allamby (*Resigned 23 March 2015*)

Balance at start of the year	Changes during the year	Balance at end of the year
11,001	13,000	24,001
-	-	-
5,000	-	5,000
-	-	-
3,000	-	3,000
-	-	-
-	-	-
5,501	(5,500)	1
1,000	-	1,000

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank® Directors' Privileges Package**. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Pambula, New South Wales. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the Directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2015 (2014: \$nil).

Dividends

Dividends paid in the year:

Year ended 30 June 2015	
Cents	\$
7.50	62,527

Significant changes in the state of affairs

During the year, the company was pleased to be involved in the establishment of a new Bendigo Bank Agency in Eden. This Agency is operated by the firm Eden Realty Pty Ltd, and provides a central and accessible location in Eden, for the convenience of new and existing customers of Bendigo Bank. Our company's role is to oversee the banking operations and to provide advice and assistance to the Agency as required. The company will incur some small regular expenses by paying the Agency a small fee for each successful home loan referral.

In the opinion of the Directors, the new Agency is providing a significant increase in the availability of banking services in Eden, and this may be reflected in the future, in terms of a possible increase in Bendigo Bank customers from that area.

In the opinion of the directors there were no other 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.

Pambula & District Community Development Limited
ABN 27 128 796 458
Directors' Report

Events since the end of the financial year

Subsequent to the year end the company has opened a Franchise branch in Bega, New South Wales, with its official opening on the 25 September 2015. A franchise agreement was signed by the board and will retrospectively take effect as of the 1 August 2015.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

Likely developments

The company will continue its policy of facilitating banking services to the community.

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended	
	<u>Eligible</u>	<u>Attended</u>
Wayne Robert Matthews	12	9
Colin Robert Dunn	12	11
Lyndon Daryl Lewis	12	12
Russell John Fitzpatrick	12	9
Janet Patricia Brandon	12	9
Stephen John Goodchild	12	11
Gordon John Matthews (<i>Appointed 24 September 2014</i>)	10	8
Darryl Watts (<i>Appointed 22 April 2015</i>)	3	3
Anne Elizabeth Allamby (<i>Resigned 23 March 2015</i>)	8	6

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.


The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the board of directors at Pambula, New South Wales on 25 September 2015.



Wayne Robert Matthews, Chairman



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Pambula & District Community Development Limited

As lead auditor for the audit of Pambula & District Community Development Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 25 September 2015

David Hutchings
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation. ABRN 51 067 795 337.

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Pambula & District Community Development Limited
ABN 27 128 796 458
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue from ordinary activities	4	1,184,058	1,033,582
Employee benefits expense		(522,255)	(460,499)
Charitable donations, sponsorship, advertising and promotion		(136,881)	(175,052)
Occupancy and associated costs		(59,494)	(64,212)
Systems costs		(24,036)	(22,494)
Depreciation and amortisation expense	5	(38,785)	(32,995)
Finance costs	5	(2,654)	(1,026)
General administration expenses		(139,122)	(137,082)
Profit before income tax expense		260,831	140,222
Income tax expense	6	(79,421)	(44,817)
Profit after income tax expense		181,410	95,405
Total comprehensive income for the year		181,410	95,405
Earnings per share for profit attributable to the ordinary shareholders of the company:		c	c
Basic earnings per share	22	21.42	11.26

The accompanying notes form part of these financial statements

Pambula & District Community Development Limited
ABN 27 128 796 458
Balance Sheet
as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	629,343	420,479
Trade and other receivables	8	107,627	91,442
Total Current Assets		736,970	511,921
Non-Current Assets			
Property, plant and equipment	9	148,044	163,556
Intangible assets	10	46,933	60,675
Deferred tax asset	11	13,313	15,558
Total Non-Current Assets		208,290	239,789
Total Assets		945,260	751,710
LIABILITIES			
Current Liabilities			
Trade and other payables	12	59,601	16,895
Current tax liabilities	11	57,427	-
Borrowings	13	14,523	12,605
Provisions	14	29,910	30,062
Total Current Liabilities		161,461	59,562
Non-Current Liabilities			
Borrowings	13	28,470	44,169
Provisions	14	17,535	28,068
Total Non-Current Liabilities		46,005	72,237
Total Liabilities		207,466	131,799
Net Assets		737,794	619,911
Equity			
Issued capital	15	811,715	811,715
Accumulated losses	16	(73,921)	(191,804)
Total Equity		737,794	619,911

The accompanying notes form part of these financial statements

Pambula & District Community Development Limited
ABN 27 128 796 458
Statement of Changes in Equity
for the year ended 30 June 2015

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	<u>811,715</u>	<u>(244,859)</u>	<u>566,856</u>
Total comprehensive income for the year	<u>-</u>	<u>95,405</u>	<u>95,405</u>
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(42,350)	(42,350)
	<u>-</u>	<u>(42,350)</u>	<u>(42,350)</u>
Balance at 30 June 2014	<u>811,715</u>	<u>(191,804)</u>	<u>619,911</u>
 Balance at 1 July 2014	 <u>811,715</u>	 <u>(191,804)</u>	 <u>619,911</u>
Total comprehensive income for the year	<u>-</u>	<u>181,410</u>	<u>181,410</u>
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(63,527)	(63,527)
	<u>-</u>	<u>(63,527)</u>	<u>(63,527)</u>
Balance at 30 June 2015	<u>811,715</u>	<u>(73,921)</u>	<u>737,794</u>

The accompanying notes form part of these financial statements

Pambula & District Community Development Limited
ABN 27 128 796 458
Statement of Cash Flows
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		1,261,193	1,110,412
Payments to suppliers and employees		(955,603)	(959,726)
Interest received		12,514	10,450
Interest paid		(2,654)	(1,026)
Income taxes paid		(19,749)	-
Net cash provided by operating activities	17	<u>295,701</u>	<u>160,110</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(9,529)	(42,582)
Payments for intangible assets		-	(68,713)
Net cash used in investing activities		<u>(9,529)</u>	<u>(111,295)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	42,441
Repayment of borrowings		(13,781)	-
Dividends paid		(63,527)	(42,350)
Net cash (used in)/provided by financing activities		<u>(77,308)</u>	<u>91</u>
Net increase in cash held		208,864	48,906
Cash and cash equivalents at the beginning of the financial year		420,479	371,573
Cash and cash equivalents at the end of the financial year	7(a)	<u><u>629,343</u></u>	<u><u>420,479</u></u>

The accompanying notes form part of these financial statements

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the *Corporations Act 2001*. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).
- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
• AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
• AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
• AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
• AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
• AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
• AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
• AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
• AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
• AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
• AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
• AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
• AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2014. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Pambula, New South Wales.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

The company promotes and sells the products and services, but is not a party to the transaction.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank®** model, known as 'Project Horizon'. This was conducted in consultation with the community banking network. The objective of the review was to develop a shared vision of the **Community Bank®** model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank®** companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

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 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 Bank branded home loans, term deposits and at call deposits.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

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.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

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. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo 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. The reasons it may make a change include changes in industry or economic conditions or changes in 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 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 change Bendigo and Adelaide Bank Limited may make.

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

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.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Monitoring and changing financial return (continued)

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank®** companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

e) Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40	years
- plant and equipment	2.5 - 40	years
- furniture and fittings	4 - 40	years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

- (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 using the effective interest rate method.
- (ii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.
- (iii) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where that are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.
- (iv) *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the

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) Contributed equity

Ordinary shares are 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) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Pambula & District Community Development Limited
ABN 27 128 796 458
Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of significant accounting policies (continued)

p) 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 taxation authority. 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 with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit:

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 where 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%.

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

Note 2. Financial risk management (continued)

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 Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from ordinary activities

	2015	2014
	\$	\$
Operating activities:		
- services commissions	1,170,115	1,023,550
Total revenue from operating activities	<u>1,170,115</u>	<u>1,023,550</u>
Non-operating activities:		
- interest received	13,943	10,032
Total revenue from non-operating activities	<u>13,943</u>	<u>10,032</u>
Total revenues from ordinary activities	<u><u>1,184,058</u></u>	<u><u>1,033,582</u></u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	6,400	5,260
- leasehold improvements	8,403	8,410
- motor vehicles	10,239	2,121
Amortisation of non-current assets:		
- franchise agreement	2,291	2,191
- franchise renewal fee	11,452	15,013
	<u>38,785</u>	<u>32,995</u>
Finance costs:		
- interest paid	<u>2,654</u>	<u>1,026</u>
Bad debts	<u>131</u>	<u>135</u>

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

Note 6. Income tax expense	2015	2014
	\$	\$
The components of tax expense comprise:		
- Current tax	77,176	-
- Movement in deferred tax	814	(3,775)
- Adjustment to deferred tax to reflect change to tax rate in future periods	701	-
- Recoupment of prior year tax losses	730	48,592
	<u>79,421</u>	<u>44,817</u>

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

Operating profit	260,831	140,222
Prima facie tax on profit from ordinary activities at 30%	78,249	42,067
Add tax effect of:		
- non-deductible expenses	471	2,750
- timing difference expenses	(814)	3,775
	<u>77,906</u>	<u>48,592</u>
Movement in deferred tax	814	(3,775)
Adjustment to deferred tax to reflect change of tax rate in future periods	701	-
	<u>79,421</u>	<u>44,817</u>

Note 7. Cash and cash equivalents

Cash at bank and on hand	231,529	134,200
Term deposits	397,814	286,279
	<u>629,343</u>	<u>420,479</u>

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	231,529	134,200
Term deposits	397,814	286,279
	<u>629,343</u>	<u>420,479</u>

Note 8. Trade and other receivables

Trade receivables	99,912	86,462
Prepayments	4,985	3,679
Other receivables and accruals	2,730	1,301
	<u>107,627</u>	<u>91,442</u>

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

Note 9. Property, plant and equipment	2015 \$	2014 \$
Leasehold improvements		
At cost	141,774	141,774
Less accumulated depreciation	(67,726)	(59,323)
	<u>74,048</u>	<u>82,451</u>
Plant and equipment		
At cost	75,287	65,759
Less accumulated depreciation	(41,573)	(35,203)
	<u>33,714</u>	<u>30,556</u>
Motor vehicles		
At cost	51,338	51,338
Less accumulated depreciation	(11,056)	(788)
	<u>40,282</u>	<u>50,550</u>
Total written down amount	<u>148,044</u>	<u>163,556</u>
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	82,451	90,861
Additions	-	-
Disposals	-	-
Less: depreciation expense	(8,403)	(8,410)
Carrying amount at end	<u>74,048</u>	<u>82,451</u>
Plant and equipment		
Carrying amount at beginning	30,556	28,938
Additions	9,528	6,236
Disposals	-	-
Less: depreciation expense	(6,370)	(4,618)
Carrying amount at end	<u>33,714</u>	<u>30,556</u>
Motor vehicles		
Carrying amount at beginning	50,550	16,966
Additions	-	30,321
Disposals	-	-
Less: depreciation expense	(10,268)	3,263
Carrying amount at end	<u>40,282</u>	<u>50,550</u>
Total written down amount	<u>148,044</u>	<u>163,556</u>
Note 10. Intangible assets		
Franchise fee		
At cost	21,453	21,453
Less: accumulated amortisation	(13,648)	(11,358)
	<u>7,805</u>	<u>10,095</u>
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Renewal processing fee		
At cost	57,260	57,260
Less: accumulated amortisation	(18,132)	(6,680)
	<u>39,128</u>	<u>50,580</u>
Total written down amount	<u>46,933</u>	<u>60,675</u>

Pambula & District Community Development Limited
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Notes to the Financial Statements
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		2015	2014
		\$	\$
Note 11. Tax			
Current:			
Income tax payable		<u>57,427</u>	<u>-</u>
Non-Current:			
Deferred tax assets			
- accruals		698	-
- employee provisions		13,393	15,219
- tax losses carried forward		-	729
		<u>14,091</u>	<u>15,948</u>
Deferred tax liability			
- accruals		<u>778</u>	<u>390</u>
Net deferred tax asset		<u>13,313</u>	<u>15,558</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		<u>2,245</u>	<u>-</u>
Note 12. Trade and other payables			
Current:			
Trade creditors		20,179	1,483
Other creditors and accruals		39,422	15,412
		<u>59,601</u>	<u>16,895</u>
Note 13. Borrowings			
Current:			
Chattel Mortgage	18	<u>14,523</u>	<u>12,605</u>
Non-Current:			
Chattel Mortgage	18	<u>28,470</u>	<u>44,169</u>
Holden Trax MV Loan is repayable monthly with the final instalment due in June 2017. Interest is recognised at an average rate of 5.25%. The loans are secured by a fixed and floating charge over the company's assets.			
Note 14. Provisions			
Current:			
Provision for annual leave		<u>29,910</u>	<u>30,062</u>
Non-Current:			
Provision for long service leave		<u>17,535</u>	<u>28,068</u>

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Note 15. Contributed equity	2015	2014
	\$	\$
847,009 Ordinary shares fully paid (2014: 847,009)	847,009	847,009
Less: equity raising expenses	(35,294)	(35,294)
	<u>811,715</u>	<u>811,715</u>

Rights attached to shares

(a) *Voting rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 231. As at the date of this report, the company had 237 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

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Notes to the Financial Statements
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Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2015 \$	2014 \$
Note 16. Accumulated losses		
Balance at the beginning of the financial year	(191,804)	(244,859)
Net profit from ordinary activities after income tax	181,410	95,405
Dividends paid or provided for	(63,527)	(42,350)
Balance at the end of the financial year	<u>(73,921)</u>	<u>(191,804)</u>

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	181,410	95,405
Non cash items:		
- depreciation	25,042	15,791
- amortisation	13,743	17,204
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(16,186)	(11,108)
- (increase)/decrease in other assets	2,245	44,817
- increase/(decrease) in payables	42,705	(21,567)
- increase/(decrease) in provisions	(10,685)	19,568
- increase/(decrease) in current tax liabilities	57,427	-
Net cash flows provided by operating activities	<u>295,701</u>	<u>160,110</u>

Note 18. Leases

Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	16,435	16,435
- between 12 months and 5 years	29,537	45,973
- greater than 5 years	-	-
Minimum lease payments	<u>45,972</u>	<u>62,408</u>
Less future finance charges	(2,979)	(5,634)
Present value of minimum lease payments	<u>42,993</u>	<u>56,774</u>

The finance lease is for two Holden Trax motor vehicles, which commenced in June 2014, is a 3 year lease. Interest is recognised at an average rate of 5.25%.

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

	2015 \$	2014 \$
Note 18. Leases (continued)		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	34,521	34,521
- between 12 months and 5 years	83,428	117,948
- greater than 5 years	-	-
	<u>117,949</u>	<u>152,469</u>

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease is due for renewal on 30 November 2018 and has two 5 year extension options available.

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	3,950	3,850
- share registry services	3,089	2,478
- non audit services	2,370	2,260
	<u>9,409</u>	<u>8,588</u>

Note 20. Director and related party disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 21. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
Unfranked dividend - 7.5 cents (2014: 5 cents) per share	<u>63,527</u>	<u>42,350</u>

b. Dividends proposed and not recognised as a liability

Current year final dividend		
Unfranked dividend -Nil cents (2013: 7.5 cents) per share	<u>-</u>	<u>63,526</u>

Note 22. Earnings per share

(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	181,410	95,405
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	847,009	847,009

Note 23. Events occurring after the reporting date

Subsequent to the year end the company has opened a Franchise branch in Bega, New South Wales, with its official opening on the 25 September 2015. A franchise agreement was signed by the board and will retrospectively take effect as of the 1 August 2015.

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

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

Note 24. Commitments

The company has commitments to pay for the branch fit out of the new branch in Bega of \$247,815.90 which was the tendered price provided by the builder and agreed upon by the board at the board meeting on the 24 June 2015. No final invoice has yet to been received as at the date of signing these financial statements.

Note 25. Contingent liabilities and contingent assets

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

Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Pambula, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 27. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office
32 Toalla Street
Pambula NSW 2549

Principal Place of Business
55A Toalla Street
Pambula NSW 2549

Pambula & District Community Development Limited
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Notes to the Financial Statements
for the year ended 30 June 2015

Note 28. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	231,078	133,074	397,814	286,279	-	-	-	-	450	1,125	2.59	2.42
Receivables	-	-	-	-	-	-	-	-	99,912	86,462	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	14,523	12,605	28,470	44,169	-	-	-	-	5.38	6.81
Payables	-	-	-	-	-	-	-	-	20,179	1,483	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2015, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit/(loss)		
Increase in interest rate by 1%	5,859	3,626
Decrease in interest rate by 1%	5,859	3,626
Change in equity		
Increase in interest rate by 1%	5,859	3,626
Decrease in interest rate by 1%	5,859	3,626

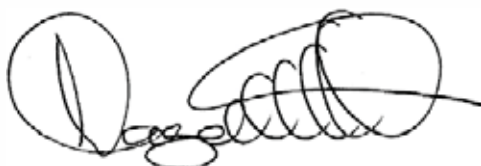
Pambula & District Community Development Limited
ABN 27 128 796 458
Directors' Declaration

In accordance with a resolution of the directors of Pambula & District Community Development Limited, we state

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Wayne Robert Matthews, Chairman

Signed on the 25th of September 2015.

Independent auditor's report to the members of Pambula & District Community Development Limited

Report on the financial report

We have audited the accompanying financial report of Pambula & District Community Development Limited, which comprises the balance sheet as at 30 June 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

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 Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity'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 entity'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

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Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Pambula & District Community Development Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in 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 section 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 Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Pambula & District Community Development Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 25 September 2015