Pambula Community Bank Branch
Bega Community Bank Branch
ABN 27 128 796 458

2020 ANNUAL REPORT

Pambula & District Community Development Limited
"Your Bank"

Pambula & District
Community Development Limited

Franchisee, Pambula and Bega Community Bank Branches,
Bendigo Bank
ABN 27 128 796 458

Annual Report 2020

Presented to the **Annual General Meeting**,
Wednesday 18 November 2020, 6.00pm
at the Pambula Merimbula Golf Club

Contents

Chairman's Report

Our company has just completed its 12th year of operating. We opened our (Pambula) doors in 2008, broke even in 2012, bought the Bega franchise in 2014 and had one of our best years in 2019/20. Had the Board not decided in June to place $150,000 into the Community Enterprise Foundation (CEF) your company would have recorded the best net profit yet. The CEF report is included elsewhere in the Annual Report.

Customers and vision

The latest customer count for our two franchises is 4462 which equates to approximately 13% of the population of the Sapphire Coast. The Board would like to see this figure double over the next 5 years. A big ask but when you think about what we offer in terms of investment back into our community then, yes, this is achievable.

People

New Board Members

- This year we welcomed Philip Saunders as a new Board member. He is a FCPA with many years operating in the IT industry which will serve us well as we enter more challenging times for financial services.

- Tim Shepherd has had a very successful career in NSW Parks at the senior management level and comes to the board with great analytical and HR skills.

Gavin Bell and Leea Ferris:

Gavin and Leea have been with the Company since its inception and their combined talents and enthusiasm for and belief in the Company have been key in ensuring our financial reporting is first rate and of value to the Board.

Russell Fitzpatrick:

Banking has been one of Russell's career choices and, combined with his high-level work at Bobbins, he has been able to make significant contributions to discussions around the future of banking and how we can adapt. His HR advice has been first rate.

Barbara Hanley:

Our longest serving staff member has left the room!! Barb was there in the beginning in 2008 and has offered unparalleled customer service to our Pambula customers over the 12 years. Locals have been seen wringing their hands and muttering – what are we going to do now that Barb has left? Yes big shoes to fill but the Pambula staff are working hard. I hope that Barb and John have a great retirement and get those travel plans underway as soon as COVID permits.

Garry Hetherington:

Garry has made Community Engagement his own and under his stewardship we have once again added great value to our community. This has particularly been the case in relation to the dreadful summer fires. Our company has led the way in supporting locals especially farmers re-fence their properties or provide hay for their herds. And Garry has led the company in forming new relationships with the Merimbula Sharks Basketball Group and Merimbula Netball and developing a new marketing initiative with Destination Marketing.

Lyndon Lewis:
Lyndon joined the Board in 2008 and was part of the leadership team for many years. He was a key part of establishing our Bega franchise and was always looking for ways to drive our business. Lyndon took the decision to leave the Board this year and I wish him well in his future endeavours.

Kerry Lewis:
It is good to have had a person of Kerry's commitment and experience assisting the Board. As our Office Manager she has kept us up to date with our legal and administrative requirements and assisted us to deliver good outcomes this year. Kerry is moving to a different part of NSW and we thank her for all her great work as Office Manager and wish her well for the future.

April Merrick:
Corporate governance is one of April's many fortes and the company has been strengthened by her careful advice and approach to governance and, in particular, how the board can develop and improve its performance.

Philip Saunders;
Phil leapt into the position of Business Development Director on the board and has brought an analytical and comprehensive approach to opportunity recognition and assessment. His IT expertise and financial analysis expertise is already being put into good use as we look to the future of the company.

Tim Shepherd:
As our newest member Tim has hit the ground running working on both the Business Development and Community Engagement Committees to examine opportunities and new ways to promote the company.

Philip Smith:
Our Manager has continued to provide excellent advice and support to the Board and run a very team driven business. He has taken the geographic challenges of operating the two franchises in his stride and with Sandy Spain driving Pambula and Lynnette Snell in support in Bega he has achieved great outcomes for the Company in 2019/20.

Jenny Symons:
Jenny took on the role of Treasurer 3 years ago and has excelled at the job. So much so we have changed the title to Finance Committee Chair! She has really wrapped her head around the complexities of the finances of our Company and how these intersect with those of Bendigo and Adelaide Bank. And this year she stepped up to take on the role of Deputy Chairperson. I thank her for her support.

Benchmarking

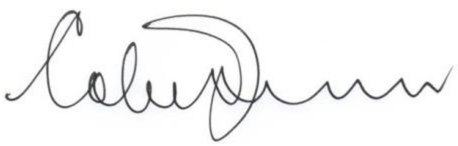
This year I have been undertaking some work comparing our company to the other 208 community bank companies that operate across the country. Here are some insights:

- When we opened our doors in 2008 we were the 153rd Community Bank company to be established. Our Pambula branch has been operating for 12 years however some companies began operating in 1998, 22 years ago.
- Our earnings per share in 2018/19 was 21.3c and this year was reduced to 5.2c largely because

the company paid $150,000 into the CEF. Had the Board not done this then the earnings per share would have increased to 24c. Paying into the CEF attracts tax deductibility and also effectively 'pays forward' some of our large-scale community contributions. In spite of the reduced earnings per share, the Directors agreed we should continue to pay a healthy dividend to our valued shareholders and this year we are again paying a 5c fully franked dividend.

- The Company has continued to make significant contributions to our community. Last year we contributed over $85,000 to the 'community balance sheet'. This year, with the addition of the $150,000 into the CEF, we have contributed $287,518. When compared to the other 208 community bank companies, Pambula and District Community Development Limited is ranked 97 in terms of community sponsorship. However, for those companies ranked higher than us, the average number of years operating is 15 years compared to our12. We have a lot to be proud of!

Moving on
I have decided to step down as Chairman in November and pass the baton on. We have a great Board and I am confident that the Company will continue to grow and prosper.



Colin Dunn
Chairman

Finance Committee Chair's Report

Finance Report
The company's financial performance in 2019/2020 diverged from its budget, primarily due to its response to the summer bushfires, the receipt of cash flow boost income, and the transfer of funds to the Community Enterprise Foundation (CEF). The year also saw the implementation of the new accounting standard AASB 16 *Leases*.

The company responded to the summer bushfires via an increase in donations to the community, exceeding the budget by $31,000, whilst sponsorships provided directly to the community exceeded the budget by $37,000. A further $150 000 was transferred to the Community Enterprise Foundation in support of additional funding of community groups beyond the 2019/2020 financial year.

The company received $62,500 in cash flow boost payments from the Commonwealth Government.

Finally, during 2019/2020 the new accounting standard AASB 16 *Leases* was introduced to the accounts with the dominant impact being on the balance sheet.

The profit before company tax was $59,527, with a projected profit after tax of $58,680. At its September 2020 meeting, the Board resolved to implement a 5 cents fully franked dividend.

Revenue
Revenue from ordinary activities grew by 0.31% in 2019-20 ($0.005m), with gross profit averaging $140 000 per month for the first six months of the year and $145 000 per month for the second six months of the year.

The split of revenue between the two branches was similar to the previous year with the revenue from contracts with customers being 54% from Pambula and 46% from Bega. With the Pambula branch reaching eleven years of operation during the year, revenue results reflect the growing incidence of replacement of loan run-off as early customers pay off their loans.

Expenses
Employment benefits expense increased by 0.86% on the previous year, less than the 1.75% annualised wage increase (3% applied from December 2019).

The implementation of AASB 16 *Leases*, spreads the costs associated with leasing across two categories in addition to occupancy and associated costs, namely depreciation and amortisation expense and finance costs. With other expenses in these categories included as well, the comparative totals for these three categories are:

	2019/2020	2018/2019
Occupancy and associated costs	$ 68,443	$ 135,153
Depreciation and amortisation expense	$ 126,445	$ 71,667
Finance costs	$ 34,054	
Total	**$ 228,942**	**$ 206,820**

The increase in total reflects increased cleaning costs due to COVID19 and the back-payment of rates for one of the leased properties not claimed in previous years.

The increase in donation and sponsorship expenses is addressed in the introduction to this report, comprising the contributions in response to the summer bushfires and the transfer of funds to the Community Enterprise Foundation.

Other changes in expense categories were not significant.

Profit
Profit before tax for 2019/2020 was $59,527, a decrease of $196,078 on the previous year. Without the additional donations and sponsorships in response to the summer bushfires, the transfer to the Community Enterprise Foundation and the cashflow boost, the profit before tax would have been $156 000 higher.

Financial Position
Net assets decreased by $22,759 (1.8%) in 2019-20, with ASSB 16 *Leases* triggering the recognition of the lease liabilities and the lower amount of asset - the right of use associated with the leases of premises. The Total current assets were $45 047 greater at the end of 2019/2020 in comparison with the end of 2018/2019.

Dividend
As a result of the performance of the company for the financial 2017/18 year, the Board determined that a ten cents per share (five cents fully franked tax paid to 27.5c per share) be paid to

shareholders in December 2019. With regard to the 2019/2020 financial year, n September 2020, the Board made the decision to pay a 5c fully franked dividend.

Financial Governance – COVID19
During 2020, the Board has received briefings from Bendigo and Adelaide Banking regarding the impacts and projected impacts on banking. In assessing the risk to the company's financial performance and position, the Board has also monitored impacts on revenue and assessed potential risks to income flows. Throughout the year, the Board continued to use its risk management framework and cash management policy to ensure funds security and adequate ready cash reserves.

Financial Governance - Cash Management
During 2019/20, the Board continued to use its risk management framework and cash management policy to ensure funds security and adequate ready cash reserves.

Colleagues
My thanks go to my Board colleagues on the Finance Committee for their contributions during the year and to Gavin and Leea for their continuing services to the company.

Jenny Symons
Chair Finance Committee

Senior Managers Report

We have again recorded a successful year with continued growth in our business. Our Bega office will soon celebrate its fifth birthday and Pambula celebrated 12 years of successfully servicing the community

Our continued success remains dependent on our unmatched customer service, high level of community support through our local sponsorship and our competitive products. Through our local team of staff and directors we continue to pursue expansion of our market share and grow our ability to contribute to the community and shareholders

Key to our growth continues to be our success in winning business from our competitors. This has been greatly assisted by our ability to make local decisions, unmatched face to face service and retention of profits in the local community. We are always looking for new ways to engage the community and promote the community bank concept

I look forward to sharing our continued success for the 2020/2021 financial year

Philip Smith
Senior Manager
Pambula & Bega Community Bank Branches

Supporting our Community

Building the Community

Since October 2008, when the Pambula franchise was opened, Pambula and District Community Development Limited (PDCDL) has, through sponsorship, donations and marketing, ploughed $983,218 back into the community. Types of organisations include: historical societies, orchid clubs, business chambers, vehicle clubs, fire brigades, schools, Rotary and Lions clubs etc etc. And of course this year we have made significant contributions to the fire recovery. Elsewhere in the Annual Report you can see the list of organisations we have sponsored this year.

Strategic Relationships

Over the last 4 years PDCDL has developed a number of relationships with important local community organisations:

- *Pambula Surf Life Saving Club*: a three-year agreement whereby PDCDL provides $10,000 per year in support of the training program.

- *Pambula Panther Football Club*: a five-year agreement worth $13,500.
- *Sapphire Coast Arts and Sports Youth Development Fund*: PDCDL is to provide $9000 over three year to support the Fund's financial assistance to disadvantaged youth on the Sapphire Coast.
- *Pambula United Football Club*: PDCDL is providing $10,000 to upgrade the lighting for the Pambula soccer club to enable training to be undertaken safely on weeknights.
- *Eden Community Radio*: 2SEA operates out of Eden and the $10,000 sponsorship is going toward maintenance of their technology.

- *Merimbula Sharks Basketball and Merimbula Netball*: the provision of $26,000 for the lighting of their new development in Merimbula.

- *Twyford Hall*: PDCDL has provided support for the 2017 concert series designed to bring attention to the Twyford development.
- *University of Wollongong*: PDCDL provides $2000 per annum in support of an annual scholarship program.

The contributions to these amazing local community organisations are only made possible by the fact that the Community banks are locally supported.

Fires

The Summer fires of 2019/20 left a lasting mark on our community. Never were fires so hot and furious and so widespread. Below is what remained of a bicycle and a car near Kiah.

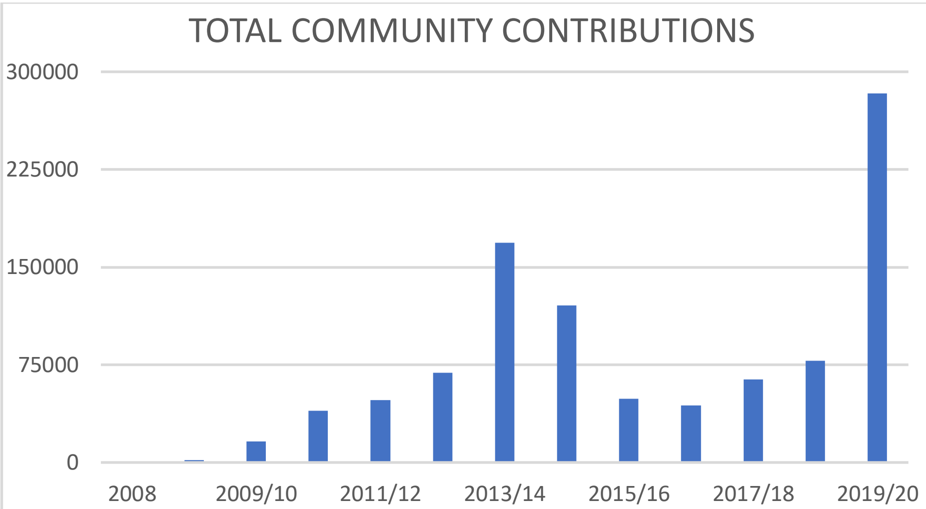
Very early in the year we were approached to assist in providing hay to hungry dairy herds near Cobargo. We provided $10,000 and, through Bega Rotary, helped establish the Cobargo and District Hay Fund. Over $140k has gone through that fund to provide feed to cattle over the last 8 months and we covered fuel costs to get the hay to the areas needed and we contributed $10,000 to the Bega Valley Community Disaster Relief Fund.

The Company provided $20,000 to the Bemboka GoFenceMe program of helping farmers re-fence their properties. The Towamba valley suffered severely from the fires and local school students reflected on the fires through a set of paintings and four were auctioned on-line. We bought one of these, the painting *Bend in the snaketrack*. This

painting will have a permanent place in the local Pambula branch but will also be leant out to other local community organisations.

Community Contributions

Below is a graph that shows how much your Company has given back to the community since it began in 2008.



It looks a bit like a roller coaster but that is only because the Company has the ability to contribute funds to the Bendigo Bank's Community Enterprise Foundation (CEF) which offers us tax deductibility and manages transactions with each community group. In 2013/14 the company placed $100,000 into the CEF and in 2019/20 deposited a further $150,000 and you can see the impact.

Community Enterprise Foundation (CEF)

At the end of June 2020 the balance in the CEF was $146,409. During the 2019/20 financial year we asked the CEF to pay out over $30,000 to our strategic partners and a similar amount to community organisations as part of our sponsorship program. And, as mentioned above, your company was able to deposit a further $150,000 into its CEF fund. Having a healthy net balance in the CEF effectively means that we are 'paying forward' our community contributions. We have obtained and benefitted from the tax deductibility in 2019/20 and over the next few years we can assist organisations such as the Merimbula Basketball and Netball Clubs and others, with no impact on our bottom line.

New marketing relationship

That we make such a significant contribution to our community surprises many. While it is important to fulfil our mission of improve the "Community Balance Sheet" it is vital that the community is also educated on the fact that our profits are returned to our community. As the community understands the contribution the company makes, so more people will bank with us, and in so doing, help us generate more profit to return! For this reason, we have engaged the professional service of The Destination Agency, a local marketing company, to help us spread the message about the profound contribution of the Company to our community.

Sponsorship/Donation recipients 2019-2020

Bega Amateur Swimming Club	Pambula Panthers Aust. Football Club
Bega Angledale Cricket Club	Pearls Place
Bega Valley Historic Society	Potoroo Palace
Bega Valley Motorcycle Expo	Quaama Mens Shed
Bega Valley Parkinson Society	Quaama Public School
Bega Valley Potters	Rotary Club Bega
Bega Valley SPAN	Rotary Club Pambula
Bega Stroke Recovery Club	Sapphire Anglican Parish
Bemboka Sports Social & Recreational Club	Sapphire Coast Orchid Club
Brogo Rural Fire Brigade	Sapphire Coast Turf Club
Cobargo Emergency	Sapphire Community Radio
Eden Fishing Club	Sapphire Life opportunities
Eden Marine High	Shoalhaven Street Rodders
Eden Whale Festival	Social Justice Advocates
Emeralds Softball Club	Spectrum Theatre Group
GoFenceMe	St John Anglican Bega
Grand Pacific Health	Tathra Beach Country Club Ladies Golf
Hillgrove House Auxiliary	Tathra Community Garden
Imlay House Auxiliary	Tathra Playgroup
Lions Club Tathra	Tathra Volunteer Rural Fire Brigade
Lions Club Bega	Teen Clinic Australia
Marine Rescue Merimbula	Towamba PS P&C Association
Merimbula Basketball Association	Towamba Team Sorting & Progress Assoc.
Merimbula Imlay Historic Society	Tulgeen Disability Services
Nullabor Consulting	Whitby Florist
Pambula Business Chamber	W.I.R.E.S.

Christmas Hampers

Each year your company provides support to local organisations that serve Christmas lunch to local people.

Bruce Hetherington Memorial Community Scholarship

Pambula and District Community Development Limited in agreement with the University of Wollongong (UOW) has again, this year awarded scholarships to two outstanding UOW students, studying for an undergraduate degree in business or business-related subjects

Stefanie Carter

Stefanie is pursuing a degree in management, specifically in the field of Event Management. Completing her HSC at Eden Marine High and being involved in local gymnastics this taught her valuable skills in teamwork and persistence to achieve her goals.

Working for Target for four years and with many extra job responsibilities during that time gave her experience and interaction in the community.

Looking forward to finishing her degree, Stefanie is passionate about creating invaluable experiences for people and working in the Bega Valley Community.

Shaun Fitzpatrick

After completing year 12 and his Higher School Certificate at Eden Marine High, Shaun is a Finance cadet at the Bega Valley Shire Council and studying a Bachelor of Commerce at the University of Wollongong.

With the current circumstances of COVID 19, this has led to the university being on line, posing challenges in learning and needing to use a computer more frequently. In gaining the Scholarship Shaun is able to purchase both a laptop and a printer enabling him to cope with the day to day studies, and assist in watching lectures and interact in tutorial classes.

Shaun has had many achievements over the years including, High School Prefect and Vice-Captain, School Student representative Council Chair, NSW Regional SRC leader, recognition of high achievements. Bega Valley Australia Day Young Citizen of the Year Award. He currently volunteers with the NSW Rural Fire Service and Pambula-Merimbula Bulldogs Football Club

Corporate Governance

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. The subcommittees are:

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

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 shareholder

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 - 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 & Bega Community Bank Branches.
Company Announcements – released to the media and also made available on the company's web pages The Annual General Meeting papers and newsletter distributed by mail to shareholder

Continuous improvement in governance

We are constantly reviewing our structure and methods and have in these disruptive times reviewed existing processes and frameworks and adopted some new practices which will remain under review; virtual Board and committee meetings, electronic approval of motions.

Financial Report For the year ended 30 June 2020

The directors present the financial statements of the company for the financial year ended 30 June 2020.

Director's Report

The directors of the company who held office during or since the end of the financial year are:

Colin Robert Dunn - *Chairman*
Occupation: Retired academic
Qualifications, experience and expertise: Bachelor of Commerce and Economics, Trained Secondary Teachers Certificate (University of Melbourne), Grad. Dip. Commuters in Education (U. Canberra), Certified Practicing Accountant (CPA). Retired academic (RMIT University, Senior Lecturer (Business) 2000-2008). President - Rotary Club of Pambula (2010/2017; Member - Pambula Hospital Community Engagement Committee; Member - Community Consultation Committee - South East Health; Member - Bega Shire Council Access and Inclusion Committee.

Special responsibilities: Chairman; Ex-officio on all committees
Interest in shares: nil share interest held

Jennifer Eleanor Symons - *Deputy Chair*
Occupation: Project Manager
Qualifications, experience and expertise: Jennifer is currently a Project Manager. She has twenty years of executive management experience in the retirement and aged care sector. She has a breadth of experience across government and not for profit Board membership in the health and education sectors. She holds a Bachelors of Arts, Applied Science (Building) and Commerce (Accounting) and is a Graduate member of the Australian Institute of Company Directors.

Special responsibilities: Chair of Finance Committee, HR Committee.
Interest in shares: nil share interest held

April Claire Merrick - *Secretary*
Occupation: Grant Management Officer
Qualifications, experience and expertise: April is the principal consultant of Organic Governance and is the Grants Management Officer at the Bega Valley Shite Council. April was previously chair of the NSW Rural Women's Gathering (2016-2018), Non-executive Director of Coliban Water Corporation (2012-2017) and Executive Officer of Eucalypt Australia (2011-2014. April is a graduate of the Australian Institute of Company Directors and has a Bachelor in Agricultural Science.

Special responsibilities: Chair of Governance, Audit and Risk Committee, Finance Committee, Company Secretary, Community Engagement Committee
Interest in shares: nil share interest held

Garry Bruce Hetherington - *Non-executive director*
Occupation: Retired

Qualifications, experience and expertise: Garry grew up in Pambula, moved away for study and career, then returned home with his family in 1994. He has been actively engaged in our community since then. He joined our board this year and brings a depth of experience in good board practice. Garry's professional background is engineering and project management, but for the last 23 years his business focus has been caravan and holiday parks. Garry is married to Narelle and has four adult sons. Garry & Narelle are part of the pastoral team of a new local church - Sapphire Life. They are also part-owners of Tathra Beachside. Garry has three degrees from the University of Sydney. Garry's past volunteer and community work include; Member of Sapphire Coast Tourism Committee, Director and Chair of BIG4 Holiday Parks Pty Ltd, Director and Chair of Bega Valley Christian College, Director and Chair of Sapphire Coast Anglican College, Member and Chair of Sapphire Aquatic Centre.

Special responsibilities: Chairperson of Community Engagement Committee, Finance Committee
Interest in shares: nil share interest held

Russell John Fitzpatrick - *Non-executive director*
Occupation: Manager
Qualifications, experience and expertise: Finance Manager - Bobbin Transport Pty Ltd, Elected Bega Valley Shire Councillor (Mayor), Board member Southern NSW Health District, Director Sapphire Life Opportunities Ltd and Director Sapphire Life Church.

Special responsibilities: HR Committee, Business Development Committee Member
Interest in shares: nil share interest held

Philip Andrew Saunders *Non-executive director* (appointed 30 November 2019)
Occupation: Retired
Qualifications, experience and expertise: FCPA/RCA/MBA. Phillip has a bachelor of business and master in Business Administration. He also holds a graduate diploma in Information Technology. He is a Director and Principal in Private Consultancy. Phillip has over 45 years experience in business and is a current member of Bega Valley Shire Council Audit and Risk advisory group.

Special responsibilities: Chair of Business Development Committee, Member of PDCDL Audit and Governance Committee.
Interest in shares: nil share interest held

Tim Shepherd - *Non-executive director* (appointed 24 June 2020)
Occupation: Consultant
Qualifications, experience and expertise: Tim has held senior positions in the NSW National Parks and Wildlife Service and is now a consultant and volunteer in natural resource management. More recently he established a guided walking business. Tim holds a BSc (hons) degree and a Graduate Diploma in Mediation and Conflict Resolution. He has enjoyed a significant involvement in community sport over many years including chair of the Sapphire Coast Football League and President of the Pambula Panthers Football Club. Tim is currently chair of the South East Region Pest Animal Management Committee.

Special responsibilities: Member Community Engagement Committee, Business Development Committee, HR Committee.
Interest in shares: 2,000 ordinary shares

Lyndon Daryl Lewis - *Non-executive director* (resigned 30 June 2020)
Occupation: Semi-retired and business owner
Qualifications, experience and expertise: Now semi-retired as a business owner who has held a number of senior management and director positions in fields ranging from transport, aluminium distribution & design, retail, electronics, recording, musical and manufacturing industries. Qualifications include electronic technology, marketing, music, sound recording (RMIT) and design drafting. Bega Valley Shire Council Access Committee Founder and owner of the Sapphire Coast Rock 'n' Rodders Festival which over 10 years has contributed substantially to the local economy while boosting tourism. President of Merimbula Rock 'n' Rodders Club Inc.

Special responsibilities have been: Deputy Chairman, Public Officer, Share Register, HR Committee, Community Engagement Committee, Business Development Committee (Chair) Governance Audit Risk Committee.
Interest in shares: 5,001 ordinary shares

Directors were in office for this entire year unless otherwise stated.
No directors have material interest in contracts or proposed contracts with the company.

Company Secretary
The company secretary is April Merrick. April was appointed to the position of secretary on 3 April 2019. See above notation for *Qualifications, experience and expertise*:

Principal activity of the Company
The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank). There have been no significant changes in the nature of these activities during the financial year.

Operating results
The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2020	Year ended 30 June 2019
$58,680	$180,454

Directors' interests
Balance Changes Balance at start of during the at end of the year year the year

	Fully paid ordinary shares		
	Balance at start of year	Changes during the year	Balance at end of year
Colin Robert Dunn	-	-	-
Russell John Fitzpatrick	-	-	-
Garry Bruce Hetherington	-	-	-
Lyndon Daryl Lewis	5001	-	5001
April Claire Merrick	-	-	-
Philip Andrew Saunders	-	-	-
Timothy George Shepherd	2000	-	2000
Jennifer Eleanor Symons	-	-	-

No debentures or rights have been granted or options over such instruments in previous financial years or during the current financial year.

Dividends

During the 2019/20 financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount
Final fully franked dividend	5	$42,350
Total amount	5	$42,350

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases. See note 4 for further details.

Significant changes in the state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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.

Events since the end of the financial year

There are no 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.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 29 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Colin Robert Dunn	11	11
Russell John Fitzpatrick	11	11
Garry Bruce Hetherington	11	9
Lyndon Daryl Lewis	11	10
April Claire Merrick	11	10
Philip Andrew Saunders	7	7
Tim George Shepherd	-	-
Jennifer Eleanor Symons	11	9

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 corporate body) that may arise from their position as directors or manager of the company except where the liability arises out of conduct arising out of 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.

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 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

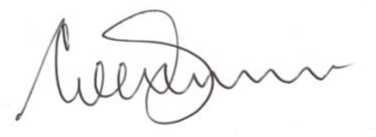
The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditors expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 28 to the accounts.

The board of directors has considered the non-audit services provided during the years by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor and;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as this did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks 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 directors at Pambula, New South Wales.



Colin Robert Dunn, Chairman
Dates this 14th day of September 2020

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 2020, 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: 14 September 2020

Joshua Griffin
Lead Auditor

Pambula & District Community Development Limited
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020[1]

	Notes	2020 $	2019 $
Revenue			
Revenue from contracts with customers	8	1,610,623	1,605,762
Other revenue	9	132,031	96,810
Finance income	10	10,463	10,668
Total Revenue		**1,753,117**	**1,713,240**
Expenses			
Employees benefit expense	11d)	943,658	935,407
Charitable donations, sponsorship, advertising and promotion	11c)	287,518	89,920
Occupancy and associated costs	3d)	68,443	135,153
Systems costs		55,822	55,256
Depreciation and amortisation expense	11a)	126,445	71,667

[1] The accompanying notes form part of these financial statements

Finance costs	11b)	34,054	0
General administration expenses		177,920	170,232
Total Expenses		**1,693,860**	**1,457,635**
Profit before income tax expense		**69,257**	**255,605**
Less Income tax expense	12a)	577	75151
Profit after income tax expense		**58,680**	**180,454**
Total comprehensive income for the year attributable to the ordinary shareholders of the company		**57,680**	**180,454**
Earnings per share		**c**	**c**
• Basic and diluted earnings per share		6.93	21.30

The accompanying notes form part of these financial statements

Pambula & District Community Development Limited
Statement of Financial Position as at 30 June 2020

	Notes	**2020**	**2019**
ASSETS			
Current Assets			
Cash and cash equivalents	13a)	838,797	844,141
Trade and other receivables	15a)	182,788	176,731
Current tax assets	19a)	64,715	20,381
Total current assets		1,086,300	1,041,253
Non-current assets			
Investment property	14a)	14,568	-
Property, plant and equipment	16a)	377,093	402,580
Right-of-use assets	17a)	601,468	-
Intangible assets	18a)	90,119	116,487
Deferred tax asset	19b)	18,067	-
Total non-current assets		1,101,315	519,067
TOTAL ASSETS		**2,187,615**	**1,560,320**
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	100,277	111,435
Lease liabilities	21b)	56,033	-
Employee benefits	23a)	71,126	43,034
Total current liabilities		227,436	154,469
Non-current liabilities			
Trade and other payables	20b)	61,639	92,458
Lease liabilities	21c)	584,733	-
Employee benefits	23b)	28,767	44,729
Provisions	22a)	44,845	-
Deferred tax liability	19b)	-	5,710
Total non-current liabilities		719,984	142,897
TOTAL LIABILITIES		**947,420**	**297,366**
NET ASSETS		**1,240,195**	**1,262,954**
EQUITY			

Issued capital	24a)	811,715	811,715
Retained earnings	25	428,480	451,239
TOTAL EQUITY		**1,240,195**	**1,262,954**

Pambula & District Community Development Limited
Statement of Changes in Equity for the year ended 30 June 2020

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2018		**811,715**	**355,486**	**1,167,201**
Total comprehensive income for the year		-	180,454	180,454
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(84,701)	(84,701)
Balance at 30 June 2019		**811,715**	**451,239**	**1,262,954**
Balance at 1 July 2019		**811,715**	**451,239**	**1,262,954**
Effect of AASB 16: Leases	3d)	-	(39,089)	(39,089)
Restated balance at 1 July 2019		**811,715**	**412,150**	**1,223,865**
Total comprehensive income for the year		-	58,680	58,680
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(42,350)	(42,350)
Balance at 30 June 2020		**811,715**	**428,480**	**1,240,195**

Pambula & District Community Development Limited
Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,905,345	1,851,909
Payments to suppliers and employees		(1,682,947)	(1,559,360)
Interest received		10,464	10,668
Lease payments (interest component)	11b)	(31,961)	-
Lease payments – Excluded from measuring lease liability	11e)	(20,990)	-
Income taxes paid		(53,863)	(110,188)
Net cash provided by operating activities	**26**	**126,048**	**193,029**
Cash flows from investing activities			
Payments for property, plant and equipment		(8,329)	(45,499)
Proceeds from sale of property, plant and equipment		-	12,727
Payments for intangible assets		(28,017)	(28,017)
Net cash used in investing activities		**(36,346)**	**(60,789)**
Cash flows from financing activities			
Lease payments (principal component)	21a)	(52,696)	-
Dividends paid	29a)	(42,350)	(84,701)
Net cash used in financing activities		(95,046)	(84,701)
Net cash increase/(decrease) in cash held		(5,344)	47,539
Cash and cash equivalents at the beginning of the financial year		844,141	796,602
Cash and cash equivalents at end of financial year	**13a)**	**838,797**	**844,141**

Pambula & District Community Development Limited

Notes to the Financial Statements for the year ended 30 June 2020

Note 1 Reporting entity

This is the financial report for Pambula & District Community Development Limited (the company). The company is a for profit entity limited by shares and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office
55A Toalla Street
Pambula NSW 2549

Principal Places of Business
55A Toalla Street
Pambula NSW 2549

172 Carp Street
Bega NSW 2550

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance
The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 14 September 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 Leases from 1 July 2019. AASB Interpretation 23 Uncertainty over Income Tax Treatments is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23. The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases

a) Definition of a lease
Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 Determining whether an Arrangement contains a Lease. The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4m.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

b) As a lessee

As a lessee, the company leases assets including property and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet). The company recognises lease and non-lease components such as outgoings separately.

Leases classified as operating leases under AASB 117

Previously, the company classified property, and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include that the company:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and used hindsight when determining the lease term on contracts that have options to extend or terminate.

c) As a lessor

The company leases out its investment property, including own property and right-of-use assets. The company has classified these leases as operating leases.

The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor, except for a sub-leasing arrangement.

The company sub-leases some of its property. Under AASB 117, the head lease and the sub-lease contracts were classified as operating leases. On transition to AASB 16, the right-of-use asset recognised from the head leases are presented in investment property, and measured at cost at that date. The company assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under AASB 16.

The group has applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Impact on equity presented as increase (decrease)		Note	1 July 2019 $
Asset			
	Right-of-use assets - land and buildings	17b)	651,294
	Right-of-use assets - investment property	14b)	26,049
	Deferred tax asset	19b)	14,827
Liability			
	Lease liabilities	21a)	(688,508)
	Provision for make-good	22b)	(42,751)
Equity			
Retained earnings			**(39,089)**

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.79%.

Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	217,618
Add: additional options now expected to be exercised	657,996
Less: present value discounting	(187,106)
Lease liability as at 1 July 2019	688,508

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

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

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

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

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

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

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank 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.

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

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission
Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company and is a significant judgement area.

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.

Core banking products
Bendigo Bank has identified some 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.

Ability to change the financial return
Under the franchise agreement, Bendigo Bank 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 Bank earns

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.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank’s margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions and Market Development Fund (MDF) income	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions
In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost
During the financial year, in response to the COVID-19 outbreak, Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020 (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo

Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank 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 Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- 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.

d) Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Defined superannuation contribution plans
The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits
The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used

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

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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 entity intends to settle its tax assets and liabilities on a net basis.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or 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 revenue or expense item.
- when 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 statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand; deposits held with banks; and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation
Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line and diminishing value	4 to 40 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line 4	years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement
Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation
Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Financial instruments
A financial instrument is any contract that gives rise to a financial asset or one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases.

Sub-note i) and j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement
Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial Assets
On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment
The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets - subsequent measurement and gains and losses

Financial assets at amortised cost	These assts are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses
Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets
The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities
The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets
The company recognises a loss allowance for ECL on its trade receivables.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

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

Recognition of expected credit losses in financial statements
At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2020.

Non-financial assets
At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

k) Issued capital

Ordinary shares
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.

l) 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 obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases
The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

<u>As a lessee</u>

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonably certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

<u>Short-term leases and leases of low-value assets</u>
The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is lease that, at commencement date, has a lease term of 12 months or less.

As a lessor
At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the company applies AASB 16 to allocate the consideration in the contract.

The company applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease (see Note 4(I)).

The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the company as a lessor in the comparative period were not different from AASB

16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

Policy applicable before 1 July 2019
For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee
In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

n) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019 however the changes are not expected to have a significant accounting impact on the company’s financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
Note 21 - leases:	
a. Control	whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b. Lease term	whether the company is reasonably certain to exercise extension options termination periods, and purchase options;
c. Discount rates	judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
Note 8 - revenue recognition	estimate of expected returns
Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;

Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

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 company. The company does not use derivative instruments.

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

a) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

b) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

June 2018

			Contractual cash flows	
Non-derivative financial liability	*Carrying amount*	*Not later than 12 months*	*Between 12 months and five years*	*Greater than five Years*
Lease liabilities	640,766	85,506	342,024	369,346
Trade payables	4,191	4,191	0	0
	644,957	89,697	342,024	369,346

30 June 2019

			Contractual cash flows	
Non-derivative financial liability	*Carrying amount*	*Not later than 12 months*	*Between 12 months and five years*	*Greater than five years*
Trade payables	1,487	1,487	0	0
	1,487	1,487	0	0

c) Market Risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

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.

Cash flow and fair value interest rate risk
Interest-bearing assets are held with Bendigo Bank 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 Bank mitigates this risk significantly.

The company held cash and cash equivalents of $838,797 at 30 June 2020 (2019: $844,141). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

a. 20% of the profit or funds of the company 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 company 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%.

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 2020 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 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020	2019
	$	$
Revenue:	1,610,623	1,605,762
	1,610,623	1,605,762
Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	1,432,801	1,422,697
- Fee income	118,417	124,057
- Commission income	59,405	59,008
	1,610,623	1,605,762

Note 9 Other revenue

The company generates other sources of revenue from rental income from leased investment properties, cash flow boost income from the Australian government and discretionary contributions received from the franchisor.

Other revenue	2020	2019
	$	$
Revenue:		
- Sub-leasing income	15,996	19,646
- Market development fund income	53,333	60,000
- Cash flow boost	62,500	0
- Sale of property, plant and equipment	0	11,603
- Other income	202	5,561
	132,031	96,810

Note 10 Finance Income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

Finance Income	2020	2019
	$	$
At amortised cost		
-Term deposits	10,463	10,668
	10,463	10,668

Note 11 Expenses

a) Depreciation and amortisation expense

Depreciation of non-current assets:	2020	2019
	$	$
Leasehold improvements	16,307	16,818
Plant and equipment	6,805	5,743
Motor vehicles	10,704	10,378
	33,816	32,939
Depreciation of right-of-use assets		
- Leased land and buildings	66,261	
	66,261	
Amortisation of intangible assets:		
Franchise fee	4,395	5,703
Franchise establishment fee	0	15,461
Franchise renewal process fee	21,973	17,564
	26,368	38,728
Total depreciation and amortisation expense	126,445	71,667

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4f and 4g).

b) Finance costs

	Note	2020	2019
		$	$
Lease interest expense	21a)	31,961	0
Unwinding of make-good provision		2,093	0
		34,054	0

c) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2020	2019
	$	$
Direct sponsorship, advertising, and promotion payments	137,518	89,920
Contribution to the Community Enterprise Foundation™	150,000	0
	287,518	89,920

The funds contributed are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.
When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

d) Employee benefit expenses

	2020	2019
	$	$
Wages and salaries	809,211	769,600
Non-cash benefits	11,300	12,922
Contributions to defined contribution plans	74,121	7,7548
Expenses related to long service leave	-5,728	15,975
Other expenses	54,754	59,362
	943,658	935,407

e) Recognition expense

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020	2019
	$	$
Expenses relating to low-value leases	20,990	0
	20,990	0

Expenses relating to leases exempt from recognition are included in system costs.
The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

Note 12 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2020	2019
Current tax expense/(credit)	$	$
- Current tax	9,529	54,570
- Movement in deferred tax	(24,821)	22,679
- Adjustment to deferred tax on AASB 16 retrospective application	14,827	0
- Adjustment to deferred tax to reflect reduction in tax rate future	1,042	0
- Changes in estimates related to prior years	0	(2,098)
	577	75,252

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $1,042 related to the remeasurement of deferred tax assets and liabilities of the company.

b) Prima facie income tax reconciliation.

	2020	2019
	$	$
Operating profit before taxation	59,257	255,605
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	16,296	70,291
Tax effect of:		
- Non-deductible expenses	427	4,860
- Other deductible expenses	0	(3,191)
- Temporary differences	9,994	(17,390)
- Other assessable income	(17,188)	0
- Movement in deferred tax	(24,821)	22,679
- Adjustment to deferred tax reflect reduction of tax rate in future periods	1,042	0
- Leases initial recognition	14,827	0
- Under/(over) provision of income tax in the prior year	0	(2,098)
	577	75,151

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020	2019
	$	$
- Cash at bank and on hand	366,342	381,826
- Term deposits	472,455	462,314
	838,797	844,140

Note 14 Investment property

The company sub-leases some of its leased property. The company initially measures the head lease in accordance with AASB 16 before separately identifying the sub lease portion under AASB 140 Investment Property. The investment property is initially measured at cost under AASB 16 and subsequently measured at cost less accumulated depreciation under AASB 140 and assessed for impairment under AASB 136 Impairment of Assets.

a) Carrying amounts

	Note	2020	2019
		$	$
Investment properties - sub-lease			
At cost		71,791	
Less: accumulated depreciation		(57,223)	
Total written down amount		14,568	

b) Reconciliation of carrying amounts

	Note	2020	2019
		$	$
Investment properties - sub-lease			
Carrying amount at beginning		0	0
Initial recognition on transition - at cost	3d)	71,367	0
Initial recognition on transition - accumulated depreciation		(45,318)	0
Remeasurement adjustments		120	0
Depreciation		(11,601)	0
Total written down amount		14,568	0

Note 15 Trade and other receivables

	2020	2019
	$	$
a) Current assets		
Trade receivables	157,299	151,447
Prepayments	11,328	13,699
Other receivables and accruals	14,161	11,585
	182,788	176,731

Note 16 Property, plant and equipment

a) Carrying amounts

	2020	2019
	$	$
Leasehold improvements		
At cost	450,034	450,034
Less: accumulated depreciation	(151,177)	(13,4870
	298,857	315,164
Plant and equipment		

At cost	124,304	115,975
Less: accumulated depreciation	(76,153)	(69,348)
	4,8153	4,6627
Motor Vehicles		
At cost	4,2813	4,2813
Less: accumulated depreciation	(12,728)	(2,074)
	30,085	40,789
Total written down amount	377,093	402,580

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts

	2020	2019
	$	$
Leasehold improvements		
Carrying amount at beginning	315,164	331,982
Depreciation	(16,307)	(16,818)
Carrying amount at end	298,857	315,164
Plant and equipment		
Carrying amount at beginning	46,627	48,684
Additions	8,329	2,686
Depreciation	(6,805)	(5,743)
Carrying amount at end	48,151	46,627
Motor vehicles		
Carrying amount at beginning	40,789	49,684
Additions	0	42,814
Profit on disposal	0	11,603
Disposals	0	(12,728)
Depreciation	(10,704)	(10,378)
Carrying amount at end	30,085	40,729
	377,093	402,580

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 17 Right of use assets

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

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

a) Carrying amounts

	Note	2020	2019
		$	$
Leased land and buildings			
At cost		768,761	0
Less: accumulated depreciation		(167,293)	0
Total written down amount		601,468	0

b) Reconciliation of carrying amounts

	Note	2020	2019
		$	$
Leased land and buildings			
Carrying amount at beginning		0	0
Initial recognition on transition	3d)	764,230	0
Accumulated depreciation on adoption	3d)	(112,293)	0
Remeasurement adjustments		4,834	0
Depreciation		(54,660)	0
Total written down amount		601,468	0

Note 18 Intangible assets

a) Carrying amounts

	2020	2019
	$	$
Franchise fee		
At cost	49,861	49,861
Less: accumulated depreciation	(34,841)	(30,446)
Total written down amount	15,020	19,415
Franchise establishment fee		
At cost	144,999	144,999
Less: accumulated depreciation	(144,999)	(144,999)
Total written down amount	15,020	19,415
	0	0
Franchise renewal process fee		
At cost	167,124	167,124
Less: accumulated depreciation	(92,025)	(70,052)
	75,099	97,072
Total written down amount	90,119	116,487

b) Reconciliation of carrying amounts

	2020	2019
	$	$
Franchise fee		
Carrying amount at beginning	19,415	3,144
Additions	0	21,974
Amortisation	(4,395)	(5,703)

Carrying amount at end	15,020	19,415
Franchise establishment fee		
Carrying amount at beginning	0	15,461
Amortisation	0	(15,461)
Carrying amount at end	0	0
Franchise renewal process fee		
Carrying amount at beginning	97,072	4,772
Additions	0	109,864
Amortisation	(21,973)	(17,564)
Carrying amount at end	75,099	97,072
Total written down amount	90,119	116,487

c) Reconciliation of carrying amounts

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 19 Tax assets and liabilities

a) Current tax

	2020	2019
	$	$
Income tax refundable	(64,715)	(20,381)

b) Deferred tax

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
Deferred tax asset	$	$	$	$
- expense accruals	798	(798)	0	0
- employee provisions	24,136	1,836	0	25,972
- make-good provision	0	(97)	11,757	11,660
- lease liability	0	(22,741)	189,340	166,599
Total deferred tax assets	24,934	(21,799)	201,096	204,231
Deferred tax liabilities				
- income accruals	229	(13)	0	216
- property, plant and equipment	30,415	(4,637)	0	25,778
- right-of-use assets	0	(30,177)	190,347	160,170
Total deferred tax liabilities	30,644	(34,827)	190,347	186,164
Net deferred tax assets (liabilities)	(5,710)	13,028	10,749	18,067

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
Deferred tax asset	$	$	$	$
- expense accruals	2,098	(1,300)	0	798
- employee provisions	29,618	(5,482)	0	24,136
Total deferred tax assets	31,716	(6,782)	0	24,934
Deferred tax liabilities				
Total deferred tax assets	249,34	(21,799)	201,096	204,231
Deferred tax liabilities				
- income accruals	229	0	0	229
- property, plant and equipment	14,519	15,896	0	30,415
Total deferred tax liabilities	14,748	15,896	0	30,644
Net deferred tax assets (liabilities)	16,968	(22,678)	0	(57,10)

c) Uncertainty over income tax treatments
As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 20 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities

	2020	2019
	$	$
Trade creditors	4,191	1,487
Other creditors and accruals	96,086	109,948
	100,277	111,435
b) Non-current liabilities		
Other creditors and accruals	61,629	92,458
	61,629	92,458

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

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

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

Lease portfolio
Prior to 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company's lease portfolio includes:

Pambula Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in November 2018. The lease has one further five-year extension option available. The company is reasonably certain to exercise the final five-year lease term.
Bega branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2015. An extension option term of five years was exercised in August 2020. The lease has one further five year extension option available. The company is reasonably certain to exercise the final five-year lease term.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

	Note	2020	2019
		$	$
Lease disposal on transition			
Balance at the beginning (finance lease liabilities)		0	0
Initial recognition on AASB 16 transition	3d)	688,508	0
Remeasurement adjustments		4,954	0
Lease payments - interest		31,961	0
Lease payments		(84,657)	0
		640,766	0

b) Current lease liabilities

Property lease liabilities		85,506	0
Unexpired interest		(29,473)	0
		56,033	0

c) Non- Current lease liabilities

Property lease liabilities		711,379	0
Unexpired interest		(126,637)	0
		584,733	0

d) Maturity analysis

- Not later than 12 months		85,506	0
- Between 12 months and 5 years		342,024	0
- Greater than 5 years		369,346	0
Total undiscounted lease payments		796,876	0
Unexpired interest		(156,110)	0
Present value of lease liabilities		640,766	

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117
The net impact for the current reporting period is a decrease in profit after tax of $11,352.

Profit or loss – increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	84,657	(84,657)	0
- Depreciation and amortisation expense	0	66,261	66,261
- Finance costs	0	34,054	34,054
Increase in expenses - before tax	84,657	15,658	100,315
- Income tax expense / (credit) - current	(23,281)	23,281	0
- Income tax expense / (credit) - deferred	0	(27,587)	27,587
Increase in expenses - after tax	61,376	11,352	72,728

Note 22 Provisions

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

a) Non-current liabilities

	2020	2019
	$	$
Make-good on leased premises	44,845	
	44,845	

b) Make-good provision

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

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

	Note	2020	2019
		$	$
Balance at the beginning		0	0
Face-value of make-good costs recognised	3d)	70,000	0
Present value discounting	3d)	(27,248)	0
Present value unwinding		2,093	0
		44,845	

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The lease is due to expire on 31 October 2028 for Pambula and 31 July 2030 for Bega at which time it is expected the face-value costs to restore the premises will fall due.

The financial effect of the reassessment, assuming no changes in the above judgements and estimates, on actual and expected finance costs and provisions was as follows:

Profit or Loss	2020	2021	2022	2023	2024+
Expense				$	$
- Finance costs	2,093	2,196	2,303	2,416	18,240
Statement of financial position					
Liability					
- Make-good provision	44,845	47,041	49,345	51,760	70,000

Note 23 Employee benefits

a) Current liabilities

	2020	2019
	$	$
Provision for annual leave	60,892	43,034
Provision for long service leave	10,234	0
	71,126	43,034

b) Non-current liabilities

	2020	2019
	$	$
Provision for long service leave	28,767	44,729
	28,767	44,729

c) Key judgement and assumptions

Employee attrition rates
The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

Note 24 Issued capital

a) Issued capital

	2020		2019	
	Number	$	Number	$
Ordinary shares - fully paid	847,009	847,009	847,009	847,009
Less: equity raising costs	0	(35,294)	0	(35,294)

b) Rights attached to issued capital

Ordinary shares

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.

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 Bank 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).

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").

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.

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.

Note 25 Retained earnings

	Note	2020	2019
		$	$
Balance at beginning of reporting period		45,1239	355,486
Adjustment for transition to AASB 16	3d)	(39,089)	0
Net profit after tax from ordinary activities		58,680	180,454
Dividends provided for or paid	30a)	(42,350)	(84,701)
Balance at end of reporting period		428,480	451,239

Note 26 Reconciliation of cash flows from operating activities

	2020	2019
	$	$
Net profit after tax from ordinary activities	58,680	180,454
Adjustments for		
- Depreciation	100,077	32,939
- Amortisation	26,368	38,728
- (Profit)/loss on disposal of non-current assets	0	(11,603)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(6,060)	1,092
- (Increase)/decrease in other assets	(47,574)	(107,234)
- Increase/(decrease) in trade and other payables	(13,955)	110,211
- Increase/(decrease) in employee benefits	12,130	(19,934)
- Increase/(decrease) in provisions	2093	0
- Increase/(decrease) in tax liabilities	(5,711)	(31,624)
Net cash flows provided by operating activities	126,048	193,029

Note 27 Financial instruments
The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2020	2019
Financial assets		$	$
Trade and other receivables	15	171,460	163,032
Cash and cash equivalents	13	366,342	381,826
Term deposits	13	472,455	462,315
		1,010,257	1,007,173
Financial Liabilities			
Trade and other payables	20	4,191	1,487
Lease liabilities	21	640,766	0
		644,957	1,487

Note 28 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2020	2019
Audit and review services	$	$
- Audit and review of financial statements	4,800	4,600
	4,800	4,600
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	4,110	2,210
- Share registry services	4,053	4,362
	8,763	7,172
Total auditor's remuneration	13,563	11,772

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Colin Robert Dunn
Russell John Fitzpatrick
Garry Bruce Hetherington
Lyndon Daryl Lewis
April Claire Merrick
Philip Andrew Saunders
Timothy George Shepherd
Jennifer Eleanor Symons

b) Key management personnel compensation

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.

c) Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2020	2019
Transactions with parties	$	$
Sapphire Life Opportunities Ltd, a registered charity Garry Hetherington is a director of, received sponsorship and provided brand recognition for the Community Bank during the period. The total benefit received was:	10,000	0
Total transactions with related parties	10,000	0

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of cash flows and statement of changes in equity.

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	5.00	42,350	10.00	84,701
Total dividends paid during the financial year	5.00	42,350	10.00	84,701

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

b) Franking account balance

	2020	2019
Franking credits available for subsequent reporting periods	$	$
Franking account balance at the beginning of the financial year	314,547	220,423
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	(45,365)	15,556
- Franking credits from the payment of income tax instalments	99,228	94,632
- Franking debits from the payment of franked distributions	(16,064)	(16,064)
Franking account balance at the end of the financial year	352,346	314,547
Franking transactions that will arise subsequent to the financial year end:		
- franking credits/(debits) that will arise from the payment/(refund) of income tax as	(64715)	(20381)
Franking credits available for future reporting periods	287,631	294,166

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 31 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020	2019
	$	$
Profit attributable to ordinary shareholders	58,680	180,454
	Number	Number

Weighted-average number of ordinary shares	847,009	847,009
	Cents	Cents
Basic and diluted earnings per share	6.93	21.30

Note 32 Commitments

a) Lease commitments

Following adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can now be found in 'Lease liabilities' (Note 21).

Operating lease commitments - lessee	2020	2019
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable - minimum lease payments:		
- not later than 12 months	0	84,171
- between 12 months and 5 years	0	133,447
Minimum lease payments payable	0	217,618

b) Other commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 33 Contingencies

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

Note 34 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

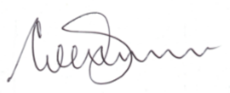
In accordance with a resolution of the directors of Pambula & District Community Development Limited, we state that:

In the opinion of the directors:

a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Colin Robert Dunn, Chairman
Dated this 14th day of September 2020

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

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Pambula & District Community Development Limited, is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited
Pambula & District Community Development Limited's (the company) financial report comprises the:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes comprising a summary of significant accounting policies and other explanatory notes
- The directors' declaration of the company.

Basis for opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information
The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 14 September 2020

Joshua Griffin
Lead Auditor