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

Pambula & District

Community Development Limited

Franchisee Pambula and Bega

Community Bank Branches, Bendigo and Adelaide Bank

ABN 27 128 796 458

Annual Report 2022

Presented to the **Annual General Meeting**,
Wednesday 7 December 2022, 6.00pm
at the Pambula Hall, Pambula

Cover photo by Liz Bellette-Stubbs

Contents

Chair's Report

I am pleased to present the Chair's report for the 2021/22 year. The year's key features comprise the impact of low interest rates on the company's financial performance, completion of the share buy back, the allocation of substantial funds to community organisations, the development and use of a decision framework for larger returns to the community, investigation of expansion opportunities, staff refinements staffing and CoVID impacts.

The company's financial performance finally saw the full impact of the low interest rate environment, which reduced the gross profit, with the company incurring a $67,179 loss for the year. Phil Smith and his team were highly effective in maintaining and improving the level of footings in light of CoVID impacts, including a trend where a portion of real estate exchanges resulted in mortgage payouts locally without the need for replacement loans for the corresponding sea change purchaser.
The Board's vigilance regarding the market, the financial results for the year and the company's balance sheet gave it the confidence to continue with a strong level of returns to the community during the year, totaling $158,704. Those funds were sourced from previous years' profits transferred to the Community Enterprise Foundation -$94 986; and a level of donations and sponsorships attributed to the year's profit and loss that was consistent with previous years - $63,908.

The returns to the community again reached a diverse group of recipients across safety, bush fire recovery, sports – particularly youth sports, education, the arts and history, animal welfare, community based mental health. It is a privilege to contribute to a company that ensures that a marked proportion of the profits from essential and inevitable bank services are returned directly to the community from which they came.
The financial year also saw the implementation of the share buy back, comprising 10% of the company's shares. The buy back was well received by the community. Board member Phil Saunders lead the Board working group, with the support the Executive Officer.

Continuous improvement of the Board's own workings occurred through the addition of the Executive Officer position and to two workshops in the first half of 2022 that targeted the investment of larger amounts of money. The addition of Graham Stubbs as Executive Officer has proven highly effective in streamlining the Board's work and allowing it to relieve itself of management activity and continue its focus on its governance functions.

The Board's workshops were triggered by the need for robust decision making regarding the broad range of possibilities for investment of its retained earnings. With the assistance of facilitator, Les Stahl, the Board arrived at an options assessment and decision making framework. The Board then used that framework to assess proposals with the result being substantial commitments to two remarkable organisations: Eden Marine Rescue - $45,006 to fit out their new training room at Snug Cove; and Clean Energy for Eternity - $22,000 contribution to the Tathra Eternity Festival held in October 2022 to support solar energy panels and battery installations at the Towamba, Numbugga, Stony Creek rural fire service sheds as well as one more if funds raised permit.

As highlighted in recent years, the success of the addition of the Bega branch, along with the ongoing performance of the original Pambula branch, has led the Board to consider other locations. The investigation is complicated by the universal changes in banking to high on line utilisation and less in person banking. The Board is maintaining a close watch on direction indicators from Bendigo and Adelaide Bank as well as local banking needs. This body of work will continue to have a high priority for the Board in the coming year.

The company's ability to adjust to changes in customers' and the community's banking needs is closely linked to the capability and development of its staff. The last year has seen a number of staff increase and diversify their banking skills. Our company intends for this to continue - to the benefit of the staff members themselves and the company's ability to adjust to changes in the banking environment.

The first half of 2022 saw the long-planned refurbishment of the Pambula branch implemented. Customers were patient with the works which were largely undertaken across the course of a week. The results have been well received by customers and have also supported the staff in working adaptively to customers' needs within the branch.

During the year, in light of the low levels of utilisation at the Bega branch on a Saturday morning, and provision of a service at the Pambula branch on that morning, the decision was taken to cease opening the Bega branch at that time. Negative direct feedback on that change has been minimal.

Across the CoVID period, our manager and staff have continued the high quality of service in the branches whilst ensuring a CoVID safe environment. They were well supported by expert and well considered advice and guidance from Bendigo and Adelaide Bank.

The year did see a change in the bookkeeping service personnel. Gavin Bell has moved to focus more of his time on his work in the care industry. Having been with the company since all but its very earliest stages, Gavin had been present for all the big decisions whilst focussed on the day to day accounting. Our company wishes Gavin the best. Gavin was replaced by Robyn Morillas, who has worked with Leea Ferris to ensure the high standard of the bookkeeping and accounts.

I would also take this opportunity to acknowledge our hardworking Deputy Chair, Garry Hetherington, and the full Board. Boards must evolve to meet changes in the environment and in circumstances and this Board membership has provided the commitment and energy to ensure the company's success continues and grows.

Jenny Symons

Chair

Finance Committee Chair's Report

Finance Report

The company's financial performance in 2021/2022 was below budget due to lower margins earnt across the year. Total income was 11.3% below budget, while total expenditure was 5.6% below budget for the year.

The loss before company tax was $89,305 with a loss after tax benefit of $67,179 compared to our budgeted profit of $23,930. The Board resolved to implement a 3 cents fully franked dividend.

Revenue

Revenue from ordinary activities decreased by 8.1% in 2021-22 ($0.131m), with gross profit averaging $124 000 per month across the year compared to $135 000 per month for the second six months of 2020/21, an 8.1% decrease. This change is due primarily to reduced margins in a very low interest rate environment.

The split of revenue between the two branches remained relatively even in the 2021-22 year, with the revenue from contracts with customers being 51.4% from Pambula and 48.6% from Bega.

Expenses

Employment benefits expense increased by 15.4% on the previous year due to the employment of a mobile lender and executive officer.

Following the implementation of AASB 16 *Leases* in 2019/2020, the costs associated with leasing are spread 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:

	2021/2022	2020/2021	2019/2020	2018/2019
Occupancy & Assciated Costs	$ 55,508	$ 59,275	$ 68,443	$ 135,153
Depreciation and Amortisation	$ 165,117	$ 130,020	$ 126,445	$ 71,667
Finance Costs	$ 29,855	$ 32,673	$ 34,054	$ -
Total	**$ 250,480**	**$ 221,968**	**$ 228,942**	**$ 206,820**

Spelling associated

While overall costs have reduced from 2019/2020, higher than normal COVID19 cleaning cost continue.

The donation and sponsorship expenses increased to record levels during 2021-22, once adjusted for deposits into the Community Enterprise Foundation in previous years. In total the company distributed $158,704 to community groups of which $94,898 of these donations and sponsorships were paid out of the Community Enterprise Foundation funds.

Other changes in expense categories were in line with expectations.

Profit or Loss
The Loss before tax for 2021/2022 was $89,305. This was a decrease of $226,405 on the previous year's profit.

Financial Position
Net Assets decreased by $203,277 (15.5%) in 2021-22.

Total Current Assets were $229,817 (19.9%) less at the end of 2021/2022 in comparison with the end of 2020/2021 with Cash and Cash Equivalents being the main area of reduction.

Non-Current Assets increased by $17,079 during 2021-22 mainly due to the refurbishment of the Pambula Branch.

Total Current Liabilities increased by $31,786 during 2021-22 with the signing of a lease on the Merimbula Community Hub in June 2022 for three years.

Total Non-Current Liabilities decreased by $41,247 during 2021-22 mainly due to outstanding grant and sponsorship commitments being paid.

Dividend
In October 2022, the Board made the decision to pay a 3c fully franked dividend

Financial Governance – COVID19
During 2022, the Board has continued to 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 2021/22, 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 Graham Stubbs, Leea Ferris and Robyn Morillas for their continuing services to the company.

Tim Shepperd
Chair Finance Committee

Senior Managers Report

2021-22 was a challenging year in the Community Banking industry with COVID-19 impacting on the number of customers able to visit our two branches, and the financial behaviors of our customers, and competitors being very different to industry and local expectations. In addition, much lower interest rates flowed through to much lower margin income for our operations.

The very positive outcome in this challenging environment was that our branches faired well by maintaining our customer base in both lending and deposit related products. This is a tribute to the strong customer service of all of our branch staff, including our new mobile lending service.

Our continued commitment to return profits to our community continues to be a major focus for all of our staff and Board members, particularly when times are tough. This local commitment, combined with a full range of competitive products and services delivered by our team of locals continues to hold us in good stead with the community.

The coming year is looking more positive from a revenue perspective as interest rates rise. We are in a strong position to once again grow our business from its strong and stable base while we continue to support our community with unrivaled face to face service at both of our Pambula and Bega branches and via our mobile lending service, as well as our continued distribution of donations, grants and sponsorships to a broad range of community groups.

Philip Smith
Senior Manager
Community Bank Pambula & Bega 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 grants, returned more than $1.38 million back into the community. Types of organisations include historical societies, social clubs, business chambers, vehicle clubs, fire brigades, schools, Rotary and Lions clubs etc.

Strategic Relationships

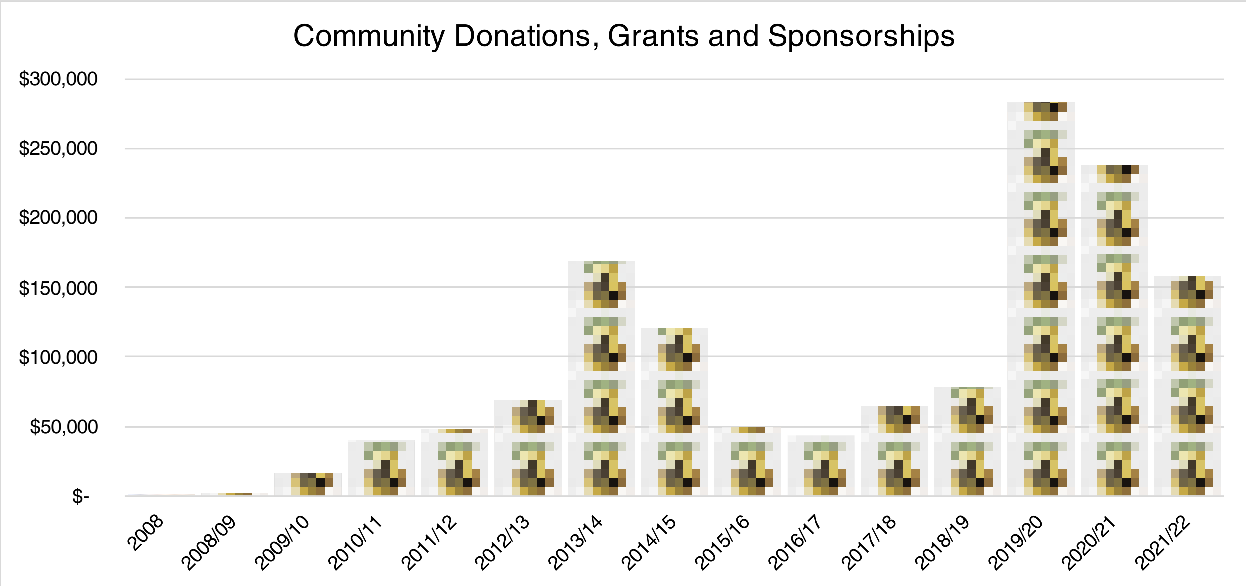
Over the years PDCDL has developed a number of relationships with important local community organisations:

- *Pambula Surf Life Saving Club*: a three-year agreement whereby PDCDL provides $5,000 per year in for the maintenance of their machinery. PDCDL has also contributed to the Bega Valley Shire Council's provision of paid life guards for a two year period to ensure that our beaches can remain patrolled for the full summer holiday season.
- *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.
- *Eden and Marimbula's Community Radio*: 2SEA operates out of Eden and Sapphire FM operates out of Merimbula. PDCDL continues to be a major sponsor of these vital community communication services.
- *Merimbula Sharks Basketball and Merimbula Netball*: following the provision of $26,000 for the lighting of their new development in Merimbula, PDCDL continues to support the junior members of these high attendance sports by subsidising membership fees and uniforms.
- *Marine Rescue NSW – Eden:* during 2021/22 PDCDL entered into negotiations to partner with this life saving organisation to ensure it's expanded operations can reach their potential. The first stage of this relationship will be the funding of the Snug Cove training room in early 2022/23 with a view to ongoing financial support to support the operational costs of their new vessel. PDCDL also plans to examine if this relationship can be expanded to the other Marine Rescue NSW units in our region.
- *Clean Energy for Eternity & Rural Fire Services:* during 2021/22 PDCDL began negotiations with Clean Energy for Eternity to be the major sponsor of the Tathra Eternity Music Festival which aims to raise enough funds to provide solar panels and batteries to four Rural Fire Sheds in our region.

The contributions to these amazing local community organisations are only made possible by the fact that our Community bank branches in Pambula and Bega are supported by our community members.

The Trend

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 and Adelaide Bank's Community Enterprise Foundation (CEF) is a Foundation managed by the Bendigo and Adelaide Bank on our behalf. The CEF provides us tax deductibility and manages transactions with community groups on our behalf. As well as donations, grants and sponsorships paid directly to community organisations since 2008, we have placed $100,000 (2013/14), $150,000 (2019/20) and $125,000 (2020/21) into the CEF which will be distributed into our community in the coming years.

During 2021/22 we distributed $94,898 from our CEF fund.

The Reasons to Bank with Bendigo Community Bank Pambula & Bega Branches

1. All our profits are returned to your local community
2. Form a local partnership with Australia's most credible bank
3. Owned locally to serve locally

Donation, Grant and Sponsorship Recipients 2021-2022

Sapphire FM Community Radio	Merimbula Tourism Inc
Pambula Motorfest	Pambula Business Chamber
Sapphire Coast Turf Club Inc	Bega A P & H Society Inc
Sapphire Coast Weddings & Events	Friends of the Old Bega Hospital
RSL Cobargo	Pambula Panthers AFL
Lions Club - Bemboka	Pambula Rotary Club
Indigenous Music Student Scholarships	Merimbula & District Arts Group
AFL Sapphire Coast	Merimbula Basketball Assoc
Bega District Volunteer Rescue Service	BVSC Bushfire Recovery Committee
Wallagoot Lake Boat Club	Sapphire Coast Historic Vehicle Club
Pambula Street Gardens	Sapphire Coast Skate Park Association
Bega Amateur Swimming Club	Bega Valley Bombers AFL
Kiah Bushfire Recovery	Far South Coast Cricket Association
Wolumla Football Club	Sapphire Coast Concert band
Tathra beach Country Club	Animal Welfare League NSW - Far South Coast Branch
Lighthouse Micro Loan Program	Bega Minor Rugby League
Bemboka Sports, Social & Recreation Club/Men's Shed	Cobargo Agricultural Pastoral and Horticultural Society Ltd
Stand by U Foundation	Social Justice Advocates of the Sapphire Coast Inc
Lumen Christi Catholic College P & F Assoc	Pambula Surf Life Saving Club
Headspace Bega	Southern Valley Folk Club - Nethercote
Rotary Club of Bega Inc	Pambula-Merimbula CWA
Sapphire Life Opportunities Ltd	Sapphire Coast Orchid Club
Merimbula - Imlay Historical Society	Anglican Parish Bega
Lions Club of Pambula - Merimbula Inc	Surf Life Saving Service Pty Ltd

Christmas Hampers

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

Corporate Governance Statement

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

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

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

- Finance
- Governance, Audit and Risk

Identifying and managing business risks

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

Independent professional advice

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

Communication with 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

This is made available to the market and all shareholders on the company's web pages within the *Bendigo and Adelaide Bank* website (search for *Pambula Community Bank*, then *Investor Relations*). Hard copies may also be collected at the Pambula & 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; including virtual Board and committee meetings, electronic approval of motions when physical meetings are not practical.

Pambula & District Community Development Limited

ABN 27 128 796 458

Financial Report - 30 June 2022

Pambula & District Community Development Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Jennifer Eleanor Symons
Title:	Chair
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 board.

Name:	Russell John Fitzpatrick
Title:	Non-executive director
Experience and expertise:	Finance Manager - Bobbin Transport Pty Ltd, Elected Bega Valley Shire Councillor (Deputy Mayor), Board member Southern NSW Health District, Director Sapphire Life Opportunities Ltd and Director Sapphire Life Church.
Special responsibilities:	Business Development Committee Member.

Name:	Garry Bruce Hetherington
Title:	Non-executive director
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:	Chair of Community Engagement Committee, Finance Committee Member.

Name:	Colin Robert Dunn
Title:	Non-executive director
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; Member - Pambula Hospital Community Engagement Committee; Member - Community Consultation Committee - South East Health; Member - Bega Shire Council Access and Inclusion Committee.
Special responsibilities:	Nil.

Name:	Timothy George Shepherd
Title:	Non-executive director
Experience and expertise:	Timothy 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. Timothy 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. Timothy is currently chair of the South East Region Pest Animal Management Committee.
Special responsibilities:	Chair of Finance Committee.

Name:	April Claire Merrick
Title:	Secretary
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 Audit & Risk Committee, Company Secretary, Community Engagement Committee Member.

Name:	Andrew Robert de Fegely
Title:	Non-executive director
Experience and expertise:	Andrew is a Forestry Consultant, the Chair of the Forest Industry Advisory Council and Sustainable Timber Tasmania, a Member of the Pambula RFS and a fellow Australian Institute of Company Director's. Andrew also has a BSC (Forestry) and MSC (Forest Business Management).
Special responsibilities:	Nil.

Name:	Philip Andrew Saunders
Title:	Non-executive director (resigned 30 April 2022)
Experience and expertise:	FCPA/RCA/MBA. Phillip has a bachelor of business and a master in Business Administration. He also holds a graduate diploma in System Analysis. Phillip has over 45 years experience in business accounting and consulting work and is a current member of BVSC Audit and Risk advisory group.
Special responsibilities:	Audit & Risk Committee.

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

Company secretary
There have been two company secretaries holding the position during the financial year:

- Graham Stubbs was appointed company secretary on 1 July 2021.
- April Merrick was appointed company secretary on 3 April 2019 and ceased 1 July 2021.

Experience and expertise:	Graham has over 30 years experience as a professional accountant across a broad range of companies and industries, including Nestle (Australia), BHP, Sydney Water, AHM Private Health Insurance. TAFE NSW and Bega Valley Shire Council. Graham has been a CPA for 30 years and since 2009 has been responsible for the management of governance and a public officer for the Port Kembla Port Corporation, TAFE NSW - Illawarra Institute, Bega Valley Shire Council, and the Eden Killer Whale Museum before joining the Pambula & District CDL. Graham has also owned and managed his own registered training organisation which delivered diploma level qualifications in business, management and workplace health and safety.

Principal activity
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 this activity during the financial year.

Review of operations
The loss for the company after providing for income tax amounted to $67,179 (30 June 2021: profit of $110,344).

Operations have continued to perform in line with expectations in challenging market conditions for most of the financial year. The profit/(loss) of the company for the financial year after provision for income tax was:

	2022 $	2021 $
Profit/(loss) before income tax	(89,305)	137,100
Income tax (expense)/credit	22,126	(26,765)
Profit after income tax	(67,179)	110,335

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

	2022 $
Fully franked dividend of 5 cents per share (2021: 5 cents)	42,350

Significant changes in the state of affairs
During the financial year, the company completed a share buy back. Where the company bought back and canceled 84,689 ordinary shares at $1 each following the offer made to the company's shareholders.

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial 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 under Australian Commonwealth or State law.

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

	Board Eligible	Board Attended
Jennifer Eleanor Symons	10	8
Russell John Fitzpatrick	10	8
Garry Bruce Hetherington	10	6
Philip Andrew Saunders	7	6
Colin Robert Dunn	10	8
Timothy George Shepherd	10	8
April Clair Merrick	10	5
Andrew Robert de Fegely	10	5

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.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Jennifer Eleanor Symons	-	-	-
Russell John Fitzpatrick	-	-	-
Garry Bruce Hetherington	-	-	-
Philip Andrew Saunders	-	500	500
Colin Robert Dunn	-	-	-
Timothy George Shepherd	2,000	-	2,000
April Claire Merrick	-	-	-
Andrew Robert de Fegely	-	-	-

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Pambula & District Community Development Limited
Directors' report
30 June 2022

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

The Board has considered the non-audit services provided during the year 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
- 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 they 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

Jennifer Eleanor Symons
Chair

10 October 2022

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Pambula & District Community Development Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,485,583	1,616,487
Other revenue	7	39,091	89,831
Finance revenue		1,661	5,971
Employee benefits expense	9	(1,014,169)	(878,986)
Advertising and marketing costs		(28,569)	(26,019)
Occupancy and associated costs		(55,508)	(59,275)
System costs		(68,362)	(52,337)
Depreciation and amortisation expense	9	(165,117)	(130,020)
Finance costs	9	(29,855)	(32,673)
General administration expenses		(158,098)	(182,185)
Loss on disposal of assets	8	(32,156)	-
Profit/(loss) before community contributions and income tax (expense)/benefit		(25,499)	350,794
Charitable donations and sponsorships expense		(63,806)	(213,694)
Profit/(loss) before income tax (expense)/benefit		(89,305)	137,100
Income tax (expense)/benefit	10	22,126	(26,756)
Profit/(loss) after income tax (expense)/benefit for the year	22	(67,179)	110,344
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(67,179)	110,344
		Cents	**Cents**
Basic earnings per share	30	(8.82)	13.03
Diluted earnings per share	30	(8.82)	13.03

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pambula & District Community Development Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	750,125	996,817
Trade and other receivables	12	154,304	160,720
Current tax assets	10	23,291	-
Total current assets		927,720	1,157,537
Non-current assets			
Investment properties	15	33,249	1,304
Property, plant and equipment	13	433,773	400,562
Right-of-use assets	14	527,361	557,089
Intangibles	16	37,383	63,751
Deferred tax assets	10	19,228	11,209
Total non-current assets		1,050,994	1,033,915
Total assets		1,978,714	2,191,452
Liabilities			
Current liabilities			
Trade and other payables	17	109,997	111,057
Lease liabilities	18	87,920	59,587
Current tax liabilities	10	-	7,001
Employee benefits	19	63,895	52,381
Total current liabilities		261,812	230,026
Non-current liabilities			
Trade and other payables	17	-	30,817
Lease liabilities	18	521,271	537,204
Employee benefits	19	41,375	38,175
Provisions	20	49,344	47,041
Total non-current liabilities		611,990	653,237
Total liabilities		873,802	883,263
Net assets		1,104,912	1,308,189
Equity			
Issued capital	21	717,967	811,715
Retained earnings	22	386,945	496,474
Total equity		1,104,912	1,308,189

The above statement of financial position should be read in conjunction with the accompanying notes

Pambula & District Community Development Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		811,715	428,480	1,240,195
Profit after income tax expense		-	110,344	110,344
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(42,350)	(42,350)
Balance at 30 June 2021		811,715	496,474	1,308,189

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		811,715	496,474	1,308,189
Loss after income tax benefit		-	(67,179)	(67,179)
Transactions with owners in their capacity as owners:				
Buy back of shares during period	21	(93,748)	-	(93,748)
Dividends provided for or paid	24	-	(42,350)	(42,350)
		(93,748)	(42,350)	(136,098)
Balance at 30 June 2022		717,967	386,945	1,104,912

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pambula & District Community Development Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,681,484	1,894,122
Payments to suppliers and employees (inclusive of GST)		(1,527,635)	(1,579,595)
		153,849	314,527
Interest received		1,246	5,971
Income taxes refunded/(paid)		(16,185)	51,818
Net cash provided by operating activities	29	138,910	372,316
Cash flows from investing activities			
Payments for property, plant and equipment		(134,603)	(58,531)
Payments for intangibles		(28,018)	(28,018)
Net cash used in investing activities		(162,621)	(86,549)
Cash flows from financing activities			
Payments for share buy-backs	21	(93,748)	-
Dividends paid	24	(42,350)	(42,350)
Repayment of lease liabilities	18	(86,883)	(85,397)
Net cash used in financing activities		(222,981)	(127,747)
Net increase/(decrease) in cash and cash equivalents		(246,692)	158,020
Cash and cash equivalents at the beginning of the financial year		996,817	838,797
Cash and cash equivalents at the end of the financial year	11	750,125	996,817

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Reporting entity

The financial statements cover Pambula & District Community Development Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office	**Principal place of business**
55A Toalla Street Pambula NSW 2549	55A Toalla Street Pambula NSW 2549
	172 Carp Street Bega NSW 2550

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. 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.

Note 3. Significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

Changes in accounting policies, standards and interpretations
There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 3. Significant accounting policies (continued)

Impairment
Non-derivative financial assets
Expected credit losses (ECL) 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. At each reporting date, the entity recognises the movement in the ECL (if any) 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 10 business 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 ECL has been made in relation to trade receivables as at 30 June 2022.

Non-financial assets
At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Goods and Services Tax (GST)
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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Sublease classification
Judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

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
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,312,366	1,446,660
Fee income	109,548	113,346
Commission income	63,669	56,481
Revenue from contracts with customers	1,485,583	1,616,487

Note 6. Revenue from contracts with customers (continued)

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

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo 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 GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are 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 Bendigo Bank 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.

Note 6. Revenue from contracts with customers (continued)

Ability to change financial return
Under the franchise agreement, Bendigo Bank may change the form and amount of financial return 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 revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

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.

Note 7. Other revenue

	2022 $	2021 $
Market development fund	30,000	45,000
Cash flow boost	-	37,500
Rental income	9,091	7,327
Other income	-	4
Other revenue	39,091	89,831

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 stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "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.
Rental income	Rental income from right-of-use assets subleased, 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.

All revenue is stated net of the amount of 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.

Note 7. Other revenue (continued)

Cash flow boost
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 sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are 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.

Note 8. Loss on disposal of assets

	2022 $	2021 $
Loss on disposal of non-current assets	32,156	-

During the period the company completed some building works in the Pambula branch resulting in the disposal of some of the leasehold improvements and plant and equipment. This resulted in an accounting loss on disposal of $32,156.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	43,045	16,332
Plant and equipment	9,929	7,509
Motor vehicles	16,262	11,222
	69,236	35,063
Depreciation of right-of-use assets		
Leased land and buildings	64,841	68,589
Investment property	4,672	-
	69,513	68,589
Amortisation of intangible assets		
Franchise fee	4,395	4,395
Franchise renewal fee	21,973	21,973
	26,368	26,368
	165,117	130,020

Finance costs

	2022 $	2021 $
Lease interest expense	27,553	30,477
Unwinding of make-good provision	2,302	2,196
	29,855	32,673

Finance costs are recognised as expenses when incurred using the effective interest rate.

Note 9. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	874,823	771,000
Non-cash benefits	12,690	3,586
Superannuation contributions	89,315	75,117
Expenses related to long service leave	3,200	(826)
Other expenses	34,141	30,109
	1,014,169	878,986

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	36,748	21,322

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

Charitable donations, sponsorships and grants

	2022 $	2021 $
Direct donation, sponsorship and grant payments	92,375	114,713
Contribution to the Community Enterprise Foundation™	-	125,000
	92,375	239,713

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, sponsorships and grants).

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.

Note 10. Income tax

	2022 $	2021 $
Income tax expense/(benefit)		
Current tax	-	19,899
Movement in deferred tax	(8,017)	6,409
Deferred tax recognised directly in equity	2,687	-
Adjustment to deferred tax to reflect reduction in tax rate future	-	448
Future income tax benefit attributable to losses	(16,796)	-
Aggregate income tax expense/(benefit)	(22,126)	26,756
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	(89,305)	137,100
Tax at the statutory tax rate of 25% (2021: 26%)	(22,326)	35,646
Tax effect of:		
Non-deductible expenses	200	411
Other assessable income	-	(9,749)
Adjustment to deferred tax to reflect reduction in tax rate future	-	448
Income tax expense/(benefit)	(22,126)	26,756

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(34,814)	(34,152)
Employee benefits	26,318	22,639
Share buyback costs	2,149	-
Provision for lease make good	12,336	11,760
Accrued expenses	1,405	1,572
Income accruals	(311)	(209)
Lease liabilities	152,298	149,198
Right-of-use assets	(140,153)	(139,599)
Deferred tax asset	19,228	11,209

	2022 $	2021 $
Income tax refund due	23,291	-

	2022 $	2021 $
Provision for income tax	-	7,001

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 10. Income tax (continued)

Accounting policy for current 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.

Accounting policy for 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.

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	270,465	518,391
Term deposits	479,660	478,426
	750,125	996,817

Accounting policy for 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 and deposits held with banks.

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	132,921	136,376
Other receivables and accruals	10,434	12,555
Prepayments	10,949	11,789
	21,383	24,344
	154,304	160,720

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	486,965	479,153
Less: Accumulated depreciation	(145,340)	(167,509)
	341,625	311,644
Plant and equipment - at cost	157,112	131,484
Less: Accumulated depreciation	(89,798)	(83,662)
	67,314	47,822
Motor vehicles - at cost	65,046	65,046
Less: Accumulated depreciation	(40,212)	(23,950)
	24,834	41,096
	433,773	400,562

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	298,857	48,151	30,085	377,093
Additions	29,119	7,180	22,233	58,532
Depreciation	(16,332)	(7,509)	(11,222)	(35,063)
Balance at 30 June 2021	311,644	47,822	41,096	400,562
Additions	105,182	29,421	-	134,603
Disposals	(32,156)	-	-	(32,156)
Depreciation	(43,045)	(9,929)	(16,262)	(69,236)
Balance at 30 June 2022	341,625	67,314	24,834	433,773

Additions
During the financial year the company completed some building works at the Pambula branch.

Accounting policy for property, plant and equipment
Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	4 to 20 years
Plant and equipment	1 to 40 years
Motor vehicles	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

Note 13. Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Changes in estimates
The company's review of estimates resulted in changes in the useful life of some of the Pambula branch leasehold improvements. The useful life had previously been assessed as 40 years. This is now expected to be 13 years until November 2028. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	21,953	21,953	21,953	21,953	(87,812)

Note 14. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	889,130	805,519
Less: Accumulated depreciation	(361,769)	(248,430)
	527,361	557,089

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $
Balance at 1 July 2020	607,353
Remeasurement adjustments	10,946
Depreciation expense	(61,210)
Balance at 30 June 2021	557,089
Additions	35,113
Depreciation expense	(64,841)
Balance at 30 June 2022	527,361

Additions
The company entered into an additional lease agreement for the Merimbula Community Hub during the period, resulting in a material addition in Right-of-use assets.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 18 for more information on lease arrangements.

Note 15. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	34,098	45,979
Less: Accumulated depreciation	(849)	(44,675)
	33,249	1,304

Reconciliation
Reconciliation of the beginning and end of the current and previous financial year are set out below:

	2022 $	2021 $
Opening amount	1,304	8,683
Additions	36,617	-
Remeasurement adjustments	-	935
Depreciation expense	(4,672)	(8,314)
Closing amount	33,249	1,304

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 18 'Lease liabilities' and note 14 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

Accounting policy for subleases
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. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 16. Intangibles

	2022 $	2021 $
Franchise fee	49,861	49,861
Less: Accumulated amortisation	(43,631)	(39,236)
	6,230	10,625
Franchise renewal fee	167,124	167,124
Less: Accumulated amortisation	(135,971)	(113,998)
	31,153	53,126
	37,383	63,751

Note 16. Intangibles (continued)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	15,020	75,099	90,119
Amortisation expense	(4,395)	(21,973)	(26,368)
Balance at 30 June 2021	10,625	53,126	63,751
Amortisation expense	(4,395)	(21,973)	(26,368)
Balance at 30 June 2022	6,230	31,153	37,383

Accounting policy for intangible assets
Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2023
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2023

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

Change in estimates
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 17. Trade and other payables

	2022 $	**2021 $**
Current liabilities		
Trade payables	4,439	8,165
Other payables and accruals	105,558	102,892
	109,997	111,057
Non-current liabilities		
Trade payables	-	30,817

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Trade and other payables (continued)

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	114,841	86,882
Unexpired interest	(26,921)	(27,295)
	87,920	59,587
Non-current liabilities		
Land and buildings lease liabilities	601,191	639,451
Unexpired interest	(79,920)	(102,247)
	521,271	537,204

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	596,791	640,766
Additional lease liabilities recognised	71,730	-
Remeasurement adjustments	-	10,945
Lease interest expense	27,553	30,477
Lease payments - total cash outflow	(86,883)	(85,397)
	609,191	596,791

Maturity analysis

	2022 $	2021 $
Not later than 12 months	114,841	86,882
Between 12 months and 5 years	397,675	348,748
Greater than 5 years	203,516	290,703
	716,032	726,333

Accounting policy for 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.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

Note 18. Lease liabilities (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

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.

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.

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 nil.

The company's lease portfolio includes:

Pambula branch	The lease agreement commenced in November 2018 for 5 years. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is November 2028. The discount rate used in calculations is 4.79%.
Bega branch	The lease agreement commenced in August 2015. A 5 year renewal option was exercised in August 2020. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is August 2030. The discount rate used in calculations is 4.79%.
Merimbula Community Hub	The lease agreement commenced in June 2022 for a period of 3 years. The company has 1 x 3 year renewal option available which for AASB 16: Leases purposes they are not reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2025. The discount rate used in calculations is 4.29%.

Note 19. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	63,895	52,381
Non-current liabilities		
Long service leave	41,375	38,175

Accounting policy for employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

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. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions
Contributions to superannuation plans are expensed in the period in which they are incurred.

Note 19. Employee benefits (continued)

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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 estimated future cash outflows.

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

Note 20. Provisions

	2022 $	2021 $
Lease make good	49,344	47,041

Lease make good
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. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provisions
Pambula branch	November 2028	$30,000
Bega branch	August 2030	$40,000
Merimbula Community Hub	June 2025	$0

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	847,009	847,009	847,009	847,009
Share buy back - fully paid	(85,689)	-	(85,689)	-
Less: Equity raising costs	-	-	(35,294)	(35,294)
Less: Cost of share buy back	-	-	(8,059)	-
	761,320	847,009	717,967	811,715

Note 21. Issued capital (continued)

Share buy-back
During the financial year, the company completed a share buy back. Where the company bought back and canceled 84,689 ordinary shares at $1 each following the offer made to the company's shareholders.

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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.

Note 21. Issued capital (continued)

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

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

Note 22. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	496,474	428,480
Profit/(loss) after income tax (expense)/benefit for the year	(67,179)	110,344
Dividends paid (note 24)	(42,350)	(42,350)
Retained earnings at the end of the financial year	386,945	496,474

Note 23. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board 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:
- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- 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 financial year 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 24. Dividends

Dividends provided for and paid during the period
The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2022 $	2021 $
Fully franked dividend of 5 cents per share (2021: 5 cents)	42,350	42,350

Note 24. Dividends (continued)

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	285,648	352,346
Franking credits (debits) arising from income taxes paid (refunded)	13,497	(51,818)
Franking debits from the payment of franked distributions	(14,117)	(14,880)
	285,028	285,648
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	285,028	285,648
Franking credits (debits) that will arise from payment (refund) of income tax	(23,291)	7,002
Franking credits available for future reporting periods	261,737	292,650

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 25. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	143,355	148,931
Cash and cash equivalents	750,125	996,817
	893,480	1,145,748
Financial liabilities		
Trade and other payables	109,997	141,874
Lease liabilities	609,191	596,791
	719,188	738,665

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of 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, and lease liabilities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

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.

Note 25. Financial instruments (continued)

Financial risk management
The company has exposure to credit, liquidity and market risk arising from financial instruments. 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 carried out directly by the Board.

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.

Cash flow and fair value interest rate risk
The company held cash and cash equivalents of $750,125 at 30 June 2022 (2021: $996,817). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

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.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	109,997	-	-	109,997
Lease liabilities	114,841	397,675	203,516	716,032
Total non-derivatives	224,838	397,675	203,516	826,029

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	111,057	30,817	-	141,874
Lease liabilities	86,882	348,748	290,703	726,333
Total non-derivatives	197,939	379,565	290,703	868,207

Note 26. Key management personnel disclosures

The following persons were directors of Pambula & District Community Development Limited during the financial year:

Jennifer Eleanor Symons	Russell John Fitzpatrick
Garry Bruce Hetherington	Phillip Andrew Saunders
Colin Robert Dunn	Timothy George Shepherd
April Claire Merrick	Andrew Robert de Fegely

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

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

Note 27. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
Part payment of tuition for advanced leadership course with Women & Leadership Australia. The total benefit received was:	-	4,000

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

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	6,000	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	9,590	3,470
Share registry services	6,361	4,014
	16,551	8,084
	22,551	13,084

Note 29. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit/(loss) after income tax (expense)/benefit for the year	(67,179)	110,344
Adjustments for:		
Depreciation and amortisation	165,117	130,020
Net loss on disposal of non-current assets	32,156	-
Lease liabilities interest	27,551	30,477
Change in operating assets and liabilities:		
Decrease in trade and other receivables	6,416	22,068
Increase in income tax refund due	(23,291)	-
Increase in deferred tax assets	(8,019)	-
Decrease in other operating assets	-	71,573
Increase/(decrease) in trade and other payables	(3,857)	7,973
Decrease in provision for income tax	(7,001)	-
Increase in deferred tax liabilities	-	7,002
Increase/(decrease) in employee benefits	14,714	(9,337)
Increase in other provisions	2,303	2,196
Net cash provided by operating activities	138,910	372,316

Note 30. Earnings per share

	2022 $	2021 $
Profit/(loss) after income tax	(67,179)	110,344
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	761,320	847,009
Weighted average number of ordinary shares used in calculating diluted earnings per share	761,320	847,009
	Cents	**Cents**
Basic earnings per share	(8.82)	13.03
Diluted earnings per share	(8.82)	13.03

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Pambula & District Community Development Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 31. Commitments

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

Note 32. Contingencies

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

Note 33. Events after the reporting period

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Pambula & District Community Development Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; 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.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Jennifer Eleanor Symons
Chair

10 October 2022

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