Bendigo Bank

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

2023 Annual Report

Pambula & District Community Development Limited
"Your Bank"

Pambula & District

Community Development Limited

Franchisee Pambula and Bega

Community Bank Branches, Bendigo and Adelaide Bank

ABN 27 128 796 458

Annual Report 2023

Presented to the **Annual General Meeting**,
Tuesday 28 November 2023, 6.00pm
at the Pambula Town Hall, Pambula

Cover photo by Liz Bellette-Stubbs

Contents

Chair's Report

I am pleased to present the Chair's report for the 2022/23 year. The year's key features comprise the impact of higher interest rates on the company's financial performance, establishing a face-to-face banking operation in Bombala and significantly increased community investments.

The company's financial performance improved dramatically due to the impact of the higher interest rate environment, which improved pre-tax profit to $148, 382 compared with a $89,305 loss for the previous year.

Phil Smith and his team were highly effective in maintaining and improving the level of footings despite reduced activity in the real estate market.

The Board's vigilance regarding the market, the financial results for the year and the company's balance sheet gave it the confidence to significantly increase the level of returns to the community during the year, totaling $273,033. We were also able to transfer $105,253 to the Community Enterprise Foundation which will be available to fund future investments.

The returns to the community again reached a diverse group of recipients across safety, sports – particularly youth sports, education, community enterprises such as radio stations. Contributing back to the community is a major component of our core business and we are really pleased with the range and size of this year's investments.

The company invested startup funds into a not-for-profit social enterprise - *Creators of Community Ownership.* The enterprise is taking over the ownership and management of a medical center in Eden which otherwise may close. This is an important investment for our company in that for the first time we are supporting a service which is fundamental for the well-being of a community.

In early 2023, the company opened a banking operation in Bombala in response to the town losing its only bank. The Bombala office provides a full range of banking services except that it does not deal in cash. This 'light touch' model is much more cost effective than a conventional Branch and allows face to face banking services in a community where it would not otherwise be possible.

Our decision to establish the Bombala Office followed detailed financial analysis and numerous meetings with a community reference group. Without their support and encouragement, we would not have been in a position to proceed. I'd also like the acknowledge the great work of Director Jenny Symons who drove this project from the onset.

To assist with the Bombala operation, we were very privileged to have recruited three excellent staff members, David Shelley, Naomi Bruce and Lily Potts.

David has extensive banking experience at a senior level and is well-credentialed in rural matters, being for example a cattle judge. Naomi and Lily are Bombala locals with broad connections across their community.

I wish to acknowledge the contributions of the staff at Bega, Pambula and Bombala. We pride ourselves on our customer service in which customers feel welcome and supported. This is due to the positive attitude and untiring efforts of our staff.

I would also take this opportunity to acknowledge our hardworking 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.

Tim Shepherd

Chair

Finance Committee Chair's Report

Finance Report

The company's financial performance during 2022/23 was well above budget largely due to the higher interest rates and higher margins especially on deposits. Total customer revenue was 44% higher than 2021/22 and total expenditure in comparison was only 26.64% higher.

The company paid a 3 cents fully franked dividend on the back of the 2021/22 results. A decision has not yet been made on the 2022/23 dividend.

Revenue

Gross profit in 2022/23 averaged $178,523 per month compared to $123,799 per month across 2021/22. This change was primarily due to much better margins in a high interest rate environment.

Expenses

Total expenses excluding charitable donations and sponsorships rose by 7.47% in 2022/23 compared to 2021/22 but employment benefits expense rose by a modest 4.44% compared to 15.4% on the previous year.

Charitable donations and sponsorship rose by a massive 493% over last year. This was a deliberate policy of the Board who sees this expenditure as an investment in the community. The Company continues to work closely with the Community Enterprise Foundation in its management of these outlays.

Profit or Loss

The profit before tax for 2022/23 was $148, 382 compared to a pre-tax loss of $89,305 in the previous year.

Financial Position (Liquidity)

In 2021/22 current assets of the Company amounted to 46.88% as a proportion of total assets. In 2022/23 it rose to 55.75%, - mainly cash. Last year (2021/22) the Company had $3.1 per $1 of current liabilities, however in 2022/23 this had grown to $3.54 per $1 of current liabilities. The Company is in a considerably better liquid position.

Financial Governance - Cash Management

During 2022/23, 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.

Colin Dunn
Chair Finance Committee

Senior Managers Report

2022-23 was a very positive year in the Community Banking industry following the challenges of COVID-19 lessening during the year. Higher interest rates flowed through to our company via higher margin income. However, some of the customer behaviors that changed during the pandemic remain, with the number of customers visiting our two branches remaining lower than pre-COVID_19 numbers.

This positive performance and outlook enabled us to open an office in Bombala in the second half of the year. This office does not have cash facilities, but our three part-time staff are able to offer the Bombala community a full range of banking services with the support of the Pambula and Bega branches. This operation was established with the support of the local community and is being monitored closely by both our staff and Board as well as Bendigo Bank to see if the model can be successfully implemented elsewhere.

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 positive from a revenue perspective as interest rates are expected to remain at their current levels. We are in a strong position to grow our business once again in a steady fashion from its current solid base, while we continue to support our community with unrivaled face to face service at both of our Pambula and Bega branches and our Bombala office. We also continue to offer our customers the flexibility of our mobile lending service across the Region.

Philip Smith
Senior Manager
Community Bank Pambula & Bega Branches, and Bombala Office

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 $1.75 million back into the community. Types of organisations include agricultural show societies, hospital and aged care auxiliaries, bushfire brigades, schools, Rotary and Lions clubs sporting clubs, business chambers, arts music and special interest clubs.

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.

- *Service Clubs in our community including the Rotary clubs of Pambula, Merimbula and Bega as well as the Lions clubs of Pambula/Merimbula and Tathra.*

- *Bega, Eden and Merimbula's Community Radio Stations*: Edge Fm operates out of Bega, 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.

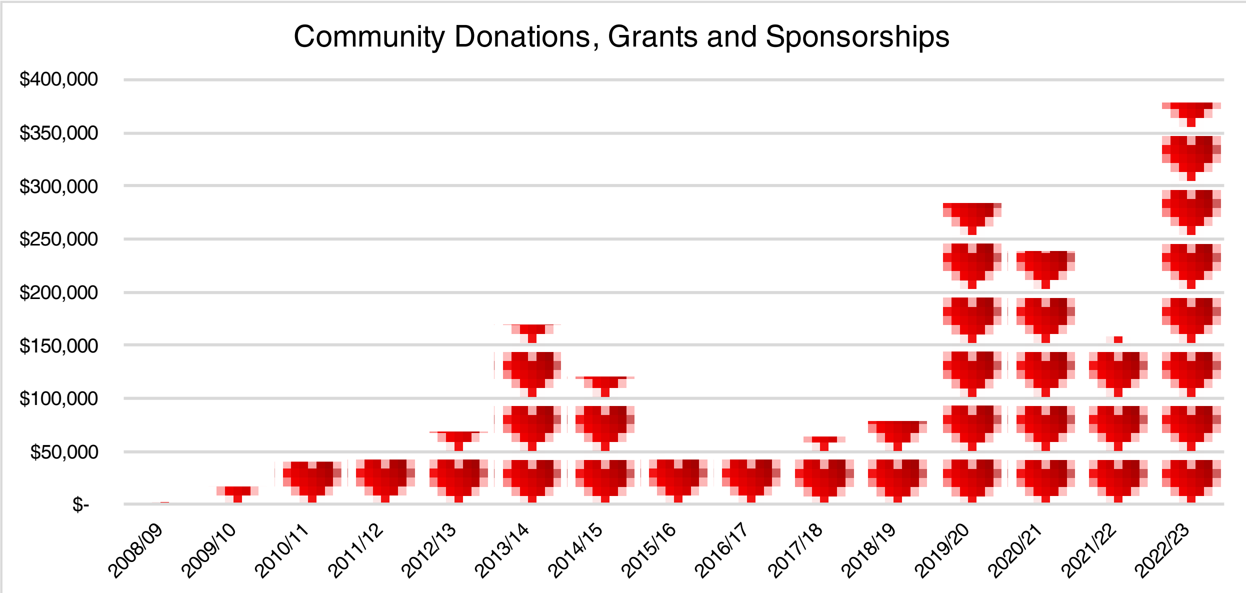
- *Merimbula Sharks Basketball and Merimbula Netball*: following the provision of $26,000 for the lighting of their new court development in Merimbula. PDCDL continues to support the junior members of these high attendance sports by subsidising membership fees and uniforms.

- *Marine Rescue NSW – Eden:* during 2021/22 PDCDL entered into negotiations to partner with this life saving organisation to ensure its expanded operations can reach their potential. The first stage of this relationship has been the funding of the Snug Cove training room Fitout. The training room opened in early 2023 and is now being used as a Regional training center for NSW Marine Rescue units from all over the State.

The contributions to these amazing local community organisations are only made possible by the fact that our Community Bank Branches in Pambula and Bega and our Bombala Office 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. In recent years the Company has been in a position to increase it's support of our local community through donations, grants and sponsorships.



It is the aim of the company to return all our available profits back to our community in the form of dividends to our shareholders (who must have a local connection) and to community organisations that are helping others through their volunteering and community spirit. In During 2022/23 we distributed $273,033 to 100 different organisations across our community and deposited an additional $105,253 into our CEF fund.

In addition, our staff helped facilitate 10 organisations access $394,316 in grants from the CEF Bushfire Recovery 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.

Christmas Hampers

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

Donation, Grant and Sponsorship Recipients 2022-2023

Candelo Agriculture, Farming & Dairy Assoc	Lions Club of Pambula Merimbula
Edge FM - Bega Community Radio	Youth Development Fund
South Coast Outriggers	Pambula Show Society
Bega Valley Genealogy Society	Bega District Woodcraft Association Inc.
Bemboka 7th Light Horse Troop	Lions Club of Tathra
Friends of John Gordon Reserve - Candelo	Candelo Campdraft assoc
Eden Amateur Fishing Club	Sapphire Coast Netball Assoc
Merimbula Jazz Festival	Rocky Hall Hall Committee
Southern Women's Group incorporated	2SEA Community Radio
Tathra Junior Rugby League	Women's Domestic Violence Court Advocacy Service
Bega High School P&C	Bega Valley Public School P&C
Sapphire Coast Anglican College	RSL Eden Sub Branch
Eden Community Radio Inc.	Pambula Merimbula Lions Club
Clean Energy For Eternity	Creators of Community Ownership
Eden Swimming Club	Bega Hospital Aux
Eden Whale Festival	Wolumla Hall Committee
Cobargo Show	Far South Coast Classics Inc
Sapphire Coast Horse Trail Riders Club	The Disability Trust
Sapphire Coast Boadriders	Bemboka Hub
Friends of the Old Bega Hospital	Merimbula & District Arts Group
Sapphire Neighborhood Services	Sapphire Coast Anglican Parish
Bombala Show	Panboola Wetlands
Pambula Panthers AFL	Bega Show
Nethercote RFS	Pambula Business Chamber
Bega District Woodcraft Assoc	Candelo Showground Trust
Connection Plus	Bega Devils Soccer Club
Eden RSL Sub-Branch	Merimbula Visitor Information Centre
Tathra Ladies Golf Club	Pambula Merimbula Golf Club
Bega Valley Quilters	Poteroo Palace Native Animal Sanctuary
Tathra Mountain Bike Club	Sapphire Life Opportunities
Bega Valley Parkinsons Support Group	Candelo Karate Dojo
Bega Minor Rugby League	St Vincent de Paul Bega
Merimbula Chamber of Commerce	Sapphire Coast Outrigger Canoe Club
Sapphire Coast Orchid Club	Merimbula/Pambula Bulldogs RLFC (Womens)
Towamba Rural Fire Brigade	Candelo Showground Land Manager
Pambula Village Garden Inc	Sapphire Coast Turf Club
South Coast Speedway Kart Club	Tathra Sea Eagles RLFC
Sapphire Coast Touch Football Assoc	Merimbula District Netball
Rocky Hall Community Assoc	Wyndham Progress Assoc
Eden Marina Inc	Pambula Men's Shed
Rotary Club of Pambula	Imlay House Aux
Bega Valley Prostate Cancer Support Group	Sapphire Coast 4WD Club
Animal Welfare League of the Far South Coast	Bega Amateur Swimming Club
Sapphire Youth Development	Merimbula Basketball Assoc
Sapphire FM Community Radio Ltd	Merimbula-Imlay Historical Society
Eden Men's Shed	Pambula Public School P&C
Marine Rescue Eden	Eden Access Centre
Bega Angledale Cricket Club	Cobargo Green Recovery
Far South Coast Table Tennis Club	Merimbula Water Dragons

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 Shareholders

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

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

The Annual Report

This is made available to the market and all shareholders on the company's web pages within the *Bendigo and Adelaide Bank* website (search for *Pambula Community Bank*, then *Investor Relations*). Hard copies may also be collected at the Pambula & Bega Community Bank Branches and the Bombala office.

Company Announcements – released to the media are also made available on the company's web pages The Annual General Meeting papers.

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 2023

Pambula & District Community Development Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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:	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:	Russell John Fitzpatrick
Title:	Non-executive director
Experience and expertise:	Russell is the Mayor of Bega Valley Shire Council. He is also the Chair of Canberra Region Joint Organisation and the NSW Association Joint Organisations. Russell is a current Board Member of Country Mayors Association of NSW and a past Board Member of Southern NSW Local Health (2010-2021) and the Regional Development Far South Coast (2010-2018). Russell is a Life Member of the Pambula Merimbula Junior Rugby League.
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:	Jennifer Eleanor Symons
Title:	Non-executive director
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:	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:	Esther Therese Colson
Title:	Non-executive director (appointed 5 July 2023)
Experience and expertise:	Esther is a Solicitor at David Griffith Lawyers (2014 - Current). Esther holds a Bachelow of Laws (Hons) from the University of Canverra, Masters in Legal Practice - ANU and a Masters in Business Administrations - SCU. Esther is a previous Committee Member of Sapphire Court Runners and is the current Vice President of the Far South Coast & Monaro Regional Law Society.
Special responsibilities:	Nil

Name:	April Claire Merrick
Title:	Non-executive director (resigned 14 December 2022)
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.

Company secretary
The Company secretary is Graham Stubbs. Graham was appointed to the position of Company secretary on 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 profit for the company after providing for income tax amounted to $110,998 (30 June 2022: loss of $67,179).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

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

	2023 $
Fully franked dividend of 3 cents per share (2022: 5 cents)	22,840

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2023 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	Attended
Timothy George Shepherd	10	9
Russell John Fitzpatrick	10	6
Garry Bruce Hetherington	10	7
Colin Robert Dunn	10	7
Jennifer Eleanor Symons	10	9
Andrew Robert de Fegely	10	8
Esther Therese Colson	-	-
April Clair Merrick	5	3

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' 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
Timothy George Shepherd	2,000	-	2,000
Russell John Fitzpatrick	-	-	-
Garry Bruce Hetherington	-	-	-
Colin Robert Dunn	-	-	-
Jennifer Eleanor Symons	-	-	-
Andrew Robert de Fegely	-	-	-
Esther Therese Colson	-	-	-
April Clair Merrick	-	-	-

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.

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 25 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
- the non-audit services provided do not 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.

Pambula & District Community Development Limited
Directors' report
30 June 2023

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

Timothy George Shepherd
Chair

27 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

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

As lead auditor for the audit of Pambula & District Community Development Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

Joshua Griffin
Lead Auditor

Pambula & District Community Development Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	2,142,277	1,485,583
Other revenue		43,382	39,091
Finance revenue		8,725	1,661
Total revenue		2,194,384	1,526,335
Employee benefits expense	7	(1,059,171)	(1,014,169)
Advertising and marketing costs		(56,929)	(28,569)
Occupancy and associated costs		(57,631)	(55,508)
System costs		(55,846)	(68,362)
Depreciation and amortisation expense	7	(197,993)	(165,117)
Finance costs	7	(31,697)	(29,855)
General administration expenses		(208,449)	(158,098)
Loss on disposal of assets		-	(32,156)
Total expenses before community contributions and income tax expense		(1,667,716)	(1,551,834)
Profit/(loss) before community contributions and income tax (expense)/benefit		526,668	(25,499)
Charitable donations, sponsorships and grants expense	7	(378,286)	(63,806)
Profit/(loss) before income tax (expense)/benefit		148,382	(89,305)
Income tax (expense)/benefit	8	(37,384)	22,126
Profit/(loss) after income tax (expense)/benefit for the year	19	110,998	(67,179)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		110,998	(67,179)
		Cents	**Cents**
Basic earnings per share	27	14.58	(8.82)
Diluted earnings per share	27	14.58	(8.82)

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 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	998,902	750,125
Trade and other receivables	10	198,713	154,304
Current tax assets	8	-	23,291
Total current assets		1,197,615	927,720
Non-current assets			
Investment properties	13	23,011	33,249
Property, plant and equipment	11	378,767	433,773
Right-of-use assets	12	493,400	527,361
Intangible assets	14	11,015	37,383
Deferred tax assets	8	44,255	19,228
Total non-current assets		950,448	1,050,994
Total assets		2,148,063	1,978,714
Liabilities			
Current liabilities			
Trade and other payables	15	127,597	109,997
Lease liabilities	16	126,952	87,920
Current tax liabilities	8	47,774	-
Employee benefits	17	82,865	63,895
Total current liabilities		385,188	261,812
Non-current liabilities			
Lease liabilities	16	472,248	521,271
Employee benefits	17	45,797	41,375
Lease make good provisions		51,760	49,344
Total non-current liabilities		569,805	611,990
Total liabilities		954,993	873,802
Net assets		1,193,070	1,104,912
Equity			
Issued capital	18	717,967	717,967
Retained earnings	19	475,103	386,945
Total equity		1,193,070	1,104,912

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 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		811,715	496,474	1,308,189
Loss after income tax expense		-	(67,179)	(67,179)
Transactions with owners in their capacity as owners:				
Buy back of shares during period	18	(93,748)	-	(93,748)
Dividends provided for	21	-	(42,350)	(42,350)
Balance at 30 June 2022		717,967	386,945	1,104,912

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		717,967	386,945	1,104,912
Profit after income tax benefit		-	110,998	110,998
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	21	-	(22,840)	(22,840)
Balance at 30 June 2023		717,967	475,103	1,193,070

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 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,360,351	1,681,484
Payments to suppliers and employees (inclusive of GST)		(1,965,830)	(1,527,635)
Interest received		8,151	1,246
Income taxes refunded/(paid)		8,654	(16,185)
Net cash provided by operating activities	26	411,326	138,910
Cash flows from investing activities			
Payments for property, plant and equipment	11	(18,848)	(134,603)
Payments for intangible assets		(28,018)	(28,018)
Net cash used in investing activities		(46,866)	(162,621)
Cash flows from financing activities			
Payments for share buy-backs	18	-	(93,748)
Dividends paid	21	(22,840)	(42,350)
Repayment of lease liabilities	16	(92,843)	(86,883)
Net cash used in financing activities		(115,683)	(222,981)
Net increase/(decrease) in cash and cash equivalents		248,777	(246,692)
Cash and cash equivalents at the beginning of the financial year		750,125	996,817
Cash and cash equivalents at the end of the financial year	9	998,902	750,125

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, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

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 and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

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 2022, 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 2023.

Non-financial assets
At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets 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 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 that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. 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.

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 assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The company assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

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

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.

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 in November 2023.

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 Bendigo Bank 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

	2023 $	2022 $
Margin income	1,966,985	1,312,366
Fee income	104,835	109,548
Commission income	70,457	63,669
	2,142,277	1,485,583

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.

Note 6. Revenue from contracts with customers (continued)

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

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo 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.

Margin income
Margin on core banking products 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 income
Commission income 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 including fees for loan applications and account transactions.

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

Ability to change 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.

Note 6. Revenue from contracts with customers (continued)

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. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	885,221	874,823
Non-cash benefits	13,405	12,690
Superannuation contributions	97,537	89,315
Expenses related to long service leave	17,894	3,200
Other expenses	45,114	34,141
	1,059,171	1,014,169

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	46,775	43,045
Plant and equipment	12,843	9,929
Motor vehicles	14,236	16,262
	73,854	69,236
Depreciation of right-of-use assets		
Leased land and buildings	86,265	64,841
Investment property	11,506	4,672
	97,771	69,513
Amortisation of intangible assets		
Franchise fee	4,395	4,395
Franchise renewal fee	21,973	21,973
	26,368	26,368
	197,993	165,117

Finance costs

	2023 $	2022 $
Lease interest expense	29,280	27,553
Unwinding of make-good provision	2,417	2,302
	31,697	29,855

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	20,121	36,748

Note 7. Expenses (continued)

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 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	273,033	63,806
Contribution to the Community Enterprise Foundation™	105,253	-
	378,286	63,806

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 8. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Current tax	62,412	-
Movement in deferred tax	(25,028)	(8,017)
Deferred tax recognised directly in equity	-	2,687
Future income tax benefit attributable to losses	-	(16,796)
Aggregate income tax expense/(benefit)	37,384	(22,126)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	148,382	(89,305)
Tax at the statutory tax rate of 25%	37,096	(22,326)
Tax effect of:		
Non-deductible expenses	288	200
Income tax expense/(benefit)	37,384	(22,126)

Note 8. Income tax (continued)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(23,189)	(34,814)
Employee benefits	32,166	26,318
Share buyback costs	1,612	2,149
Provision for lease make good	12,940	12,336
Accrued expenses	1,475	1,405
Income accruals	(1,446)	(311)
Lease liabilities	149,800	152,298
Right-of-use assets	(129,103)	(140,153)
Deferred tax asset	44,255	19,228

	2023 $	2022 $
Income tax refund due	-	23,291

	2023 $	2022 $
Provision for income tax	47,774	-

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, 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.

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 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	515,052	270,465
Term deposits	483,850	479,660
	998,902	750,125

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 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	177,078	132,921
Other receivables and accruals	11,008	10,434
Prepayments	10,627	10,949
	21,635	21,383
	198,713	154,304

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 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	486,965	486,965
Less: Accumulated depreciation	(192,115)	(145,340)
	294,850	341,625
Plant and equipment - at cost	175,960	157,112
Less: Accumulated depreciation	(102,641)	(89,798)
	73,319	67,314
Motor vehicles - at cost	65,046	65,046
Less: Accumulated depreciation	(54,448)	(40,212)
	10,598	24,834
	378,767	433,773

Note 11. Property, plant and equipment (continued)

Reconciliations of the carrying 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 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	-	18,848	-	18,848
Depreciation	(46,775)	(12,843)	(14,236)	(73,854)
Balance at 30 June 2023	294,850	73,319	10,598	378,767

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.

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

Note 12. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	941,434	889,130
Less: Accumulated depreciation	(448,034)	(361,769)
	493,400	527,361

Note 12. Right-of-use assets (continued)

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

	Land and buildings $
Balance at 1 July 2021	557,089
Additions	35,113
Depreciation expense	(64,841)
Balance at 30 June 2022	527,361
Additions	34,034
Remeasurement adjustments	18,270
Depreciation expense	(86,265)
Balance at 30 June 2023	493,400

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 16 for more information on lease arrangements.

Note 13. Investment properties

	2023 $	**2022 $**
Investment property - sublease - at cost	35,365	34,098
Less: Accumulated depreciation	(12,354)	(849)
	23,011	33,249

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

	2023 $	2022 $
Opening amount	33,249	1,304
Additions	-	36,617
Remeasurement adjustments	1,268	-
Depreciation expense	(11,506)	(4,672)
Closing amount	23,011	33,249

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 16 'Lease liabilities' and note 12 '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.

Note 13. Investment properties (continued)

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 14. Intangible assets

	2023 $	**2022** $
Franchise fee	49,861	49,861
Less: Accumulated amortisation	(48,026)	(43,631)
	1,835	6,230
Franchise renewal fee	167,124	167,124
Less: Accumulated amortisation	(157,944)	(135,971)
	9,180	31,153
	11,015	37,383

Reconciliations of the carrying 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 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
Amortisation expense	(4,395)	(21,973)	(26,368)
Balance at 30 June 2023	1,835	9,180	11,015

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

Note 14. Intangible assets (continued)

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

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 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	8,054	4,439
Other payables and accruals	119,543	105,558
	127,597	109,997

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.

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 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	152,510	114,841
Unexpired interest	(25,558)	(26,921)
	126,952	87,920
Non-current liabilities		
Land and buildings lease liabilities	534,281	601,191
Unexpired interest	(62,033)	(79,920)
	472,248	521,271

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	609,191	596,791
Additional lease liabilities recognised	34,034	71,730
Remeasurement adjustments	19,538	-
Lease interest expense	29,280	27,553
Lease payments - total cash outflow	(92,843)	(86,883)
	599,200	609,191

Note 16. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	152,510	114,841
Between 12 months and 5 years	411,615	397,675
Greater than 5 years	122,666	203,516
	686,791	716,032

Additions
During the period the company entered into a new lease for the Bombala Office.

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.

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 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:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Pambula Branch	4.79%	5 years	5 years	Yes	November 2028
Bega Branch	4.79%	5 years	5 years	Yes	August 2030
Merimbula Community Hub	4.29%	3 years	3 years	No	May 2025
Bombala Office	6.25%	4 years and 7 months	N/A	N/A	June 2027

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	69,393	63,895
Long service leave	13,472	-
	82,865	63,895
Non-current liabilities		
Long service leave	45,797	41,375

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.

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 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	847,009	847,009	847,009	847,009
Share buy back - fully paid	(85,689)	(85,689)	(85,689)	(85,689)
Less: Equity raising costs	-	-	(35,294)	(35,294)
Less: Cost of share buy back	-	-	(8,059)	(8,059)
	761,320	761,320	717,967	717,967

Note 18. Issued capital (continued)

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 their associates) has a prohibited shareholding interest in are suspended.

Note 18. 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 19. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	386,945	496,474
Profit/(loss) after income tax (expense)/benefit for the year	110,998	(67,179)
Dividends paid (note 21)	(22,840)	(42,350)
Retained earnings at the end of the financial year	475,103	386,945

Note 20. 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 21. 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.

	2023 $	2022 $
Fully franked dividend of 3 cents per share (2022: 5 cents)	22,840	42,350

Note 21. Dividends (continued)

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	285,028	285,648
Franking credits (debits) arising from income taxes paid (refunded)	(8,654)	13,497
Franking debits from the payment of franked distributions	(7,613)	(14,117)
	268,761	285,028
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	268,761	285,028
Franking credits (debits) that will arise from payment (refund) of income tax	47,775	(23,291)
Franking credits available for future reporting periods	316,536	261,737

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 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	188,086	143,355
Cash and cash equivalents	998,902	750,125
	1,186,988	893,480
Financial liabilities		
Trade and other payables	127,597	109,997
Lease liabilities	599,200	609,191
	726,797	719,188

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 22. 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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates.The company held cash and cash equivalents of $998,902 at 30 June 2023 (2022: $750,125).

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, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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.

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	127,597	-	-	127,597
Lease liabilities	152,510	411,615	122,666	686,791
Total non-derivatives	280,107	411,615	122,666	814,388

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
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

Note 23. Key management personnel disclosures

The following persons were directors of Pambula & District Community Development Limited during the financial year and/or up to the date of signing of these Financial Statements.

Timothy George Shepherd
Russell John Fitzpatrick
Garry Bruce Hetherington
Colin Robert Dunn
Andrew Robert de Fegely
Esther Therese Colson
April Clair Merrick

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 24. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
Pambula Panthers Australian Football Club received sponsorship during the period. Timothy Shepherd is the President of the club.	3,500	-
Rotary Club of Pambula recieved sponsorship during the period. Colin Dunn is the President of the club.	2,500	-

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

Note 25. 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:

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	6,400	6,000
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,620	9,590
Share registry services	4,756	6,361
	9,036	16,551
	15,436	22,551

Note 26. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	110,998	(67,179)
Adjustments for:		
Depreciation and amortisation	197,993	165,117
Net loss on disposal of non-current assets	-	32,156
Lease liabilities interest	29,280	27,551
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(44,409)	6,416
Decrease/(increase) in income tax refund due	23,291	(23,291)
Increase in deferred tax assets	(25,027)	(8,019)
Increase/(decrease) in trade and other payables	45,618	(3,857)
Increase/(decrease) in provision for income tax	47,774	(7,001)
Increase in employee benefits	23,392	14,714
Increase in other provisions	2,416	2,303
Net cash provided by operating activities	411,326	138,910

Note 27. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	110,998	(67,179)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	761,320	761,320
Weighted average number of ordinary shares used in calculating diluted earnings per share	761,320	761,320

	Cents	Cents
Basic earnings per share	14.58	(8.82)
Diluted earnings per share	14.58	(8.82)

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, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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 2023

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 2023 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

____
Timothy George Shepherd
Chair

27 September 2023

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Pambula & District Community Development Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pambula & District Community Development Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

i. giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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61 Bull Street Bendigo VIC 3550
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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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

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

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

Joshua Griffin
Lead Auditor