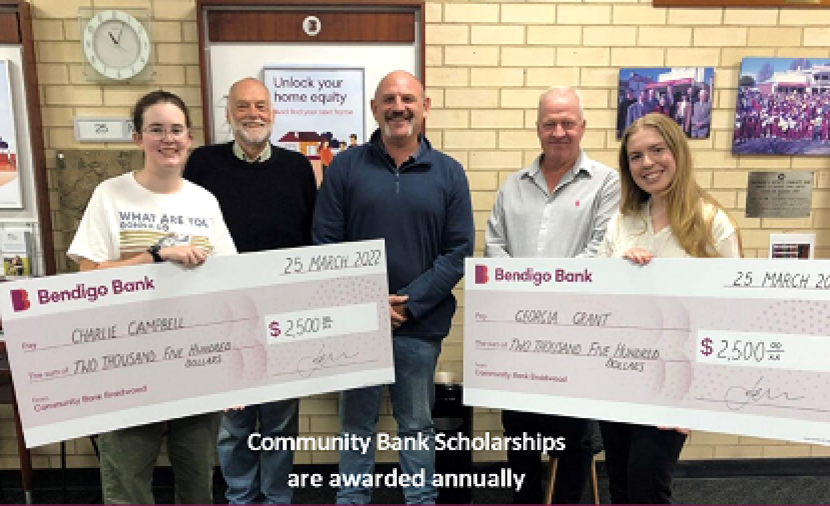


Community Bank Scholarships
are awarded annually

2022 Annual Report

Palerang
Financial Services Limited

ABN 83 097 801 100

Community Bank Braidwood
Community Bank Bungendore
Community Bank Agency Crookwell

Bendigo Bank

Contents

Chairman’s report

For year ending 30 June 2022

It is once again my absolute privilege to provide you with the Palerang Financial Services Limited Annual Report for the 2021/22 Year.

This report reflects upon yet another year in which we have been presented with significant challenges. The Covid-19 pandemic continues to affect all aspects of our community including at times our ability to service customers.

At the same time, the 2021/22 year saw the low interest rate environment continue until around May when interest rates started to increase. During this low-rate environment we saw substantial activity in our lending business and significant competition in the market; it also had a detrimental effect upon the margin income the company earned. This was especially apparent in our Deposit book.
Despite all these aspects affecting our business, the Company grew with a net increase of 323 new customer accounts and business growth of $49.04 million. This takes our overall footings (i.e. business size) to $457 million.

Revenue	Profit After Tax	Expense
$2,654,176	$174,019	$1,896,162
↑	↓	↑
New Business	**New Customer Accounts**	**Assets**
$49.04m	323	$3,026,526
↑	↑	↑

Our results are very satisfying considering:

- The continued impact of the Covid19 pandemic,
- The low interest rate environment and its significant effect upon margin income, and
- That we increased our expenditure to invest in staff to support our strategy of building capacity and being able to further develop our business.

During the pandemic we have been tireless in ensuring that our customers and staff remain as safe as possible whilst also being focused on the business as well as the support for outcomes in our community.

We have continued to deliver contributions to our community with over $525,743 being allocated for the year. Once again, we noted the effect of the pandemic constraining the conversion of those contributions to outcomes. Nevertheless, funds allocated within a financial year but not contributed to the community, are deposited in the Community Enterprise Foundation (CEF) for the future delivery of approved projects in the future.

In September, the company celebrated its 20th year of service to our customers and the community. Our success has been on the back of the outstanding leadership within the business and the dedication of our magnificent staff who have been very resilient and stalwart throughout.

I am pleased to advise that as we approach this 20th milestone, this company has delivered upon its purpose to return benefits from providing Financial Services back to the community. Since commencement this business has provided $6.1 m for community based endeavours as outlined.

Sponsorships, Grants and Donation	$4.917m
Community funding approved but not yet drawn down	$0.475m
Funds in the CEF not yet allocated	$0.716m
Total Funds for Community	**$6.111m**

On top of this outstanding achievement, over the life of the company we have provided other benefits including wages for our staff who are all local, Dividends and Franking credits to our shareholders that in combination amounts to a holistic benefit valued at $23 million dollars.

We continue to maintain an excellent structural position (i.e. no debt, $3.0m in assets and $0.460m in liabilities) and our current plans regarding growing the business continues to utilise this as a base for growth.

The company has declared a franked dividend of 7.5 cents per share (CPS) ($0.075) as at 1 November 2022 to be paid to shareholders in December 2022.

We look forward to seeing you in one of our branches soon.

Shane Holness
Chairman, PFSL Board of Directors

Senior Manager's Report

For year ending 30 June 2022

The environment that we operate in remains uncertain and changes in the banking environment continue to be encountered. The past year saw a continuation of record low interest rates and a property boom. This has changed since June as the official interest rates began to rise in May this year and has continued to climb. This has reduced the demand in the housing market and the volume of home loans.

The upside of this is that margins have returned on the deposit side of our business since June 2022. This gives a strong improvement to our bottom line, which is now evident. We are expecting a profit before donations and sponsorship of around $1.3M for the present year. This will be our largest profit we have achieved and pass the 2021/22 year by over 50%. The historically low interest rates meant that we received minimal return on deposit funds and lost money on some of the deposit products.

We have grown strongly in deposits over the past few years but as the margins were minimal received little income from this source.

The year being reported here, occurred before the improved margins and the record low rates and interest margins applied. This resulted in our income from all sources remained in line with the previous year. Our net profit (before charitable donations and sponsorship), dropped by 9.2% to $758,014 despite strong business growth.

Loans grew by $12 million and deposits by $37 million, giving an overall business growth of $49 million.

This saw us achieve revenue of $2,681,507 from operations which was slightly up on the previous year.

Profit before tax, donations and sponsorship was $758,014 which was down $77,101 from the previous year. This was the result of higher staffing costs as we increased the number of lenders we had on staff. This has since reduced with Deb Waddell taking up a role with Bendigo.

We continue to have a strong balance sheet with $2,566,077 in net assets and no debt.

The effect of Covid 19 has stabilised although it remains an ongoing challenge that may disrupt operations at any time.

Transactions have increased especially in Braidwood over the past year as people are moving around more. The decision to close on Saturdays and reduce hours was, well received by most of the customers and this arrangement will remain in place.

Senior Manager's report (continued)

The staff changes highlighted last year are in place with changes occurring as required.

Deb Waddell has taken a position with Bendigo and left PFSL.
Melissa O'Dea is on parental leave, with Samantha Machell from Bendigo covering that position for the next 12 months.
Sharanne Witt has joined as a Customer Service Officer at Braidwood.
Both Meagan Orford, Sally Harrison and Carrie Reeves remain on parental leave.

The community events are again starting to occur on a regular basis, and we are continually looking for these events and projects to be involved with.

As we move to the 2022/2023 fiscal year, we will look to concentrate on what we do best for our customers and communities.

I would like to thank the staff for the fantastic effort in keeping the branches open and the business running through Covid19 and the extra effort they put in to assist customers. We must also thank the directors for the efforts they have made to steer the business through the challenging times.

I look forward to continuing our relationship into the future.

Craig Pettit
Senior Manager

Directors' Report

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

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

Name:	Shane Anthony Holness
Title:	Chair
Experience and expertise:	Shane is a Project Management Consultant. AIMM;GAICD. Shane has operated a family business since 1999; former director in the APS; former member of the Royal Australian Navy; member of the Community Bank National Council. Other current directorships include Warringah Financial Services Ltd, Director & Chair of Western Riverina Community Financial Services Pty Ltd.
Special responsibilities:	Chairman, Governance & Risk Committee, Finance & HR Committee

Name:	Rhyll Elizabeth Tozer
Title:	Non-executive director
Experience and expertise:	Registered Tax Agent. Started working career in banking for Westpac Melbourne office. Treasurer for Braidwood Life Centre and the Bungendore Chamber of Commerce. Chaired the Braidwood Community Help fund which dispersed donated funds to affected residents and businesses of the 2019/2020 bushfires.
Special responsibilities:	Treasurer, Finance & HR Committee

Name:	Dale Josephine Towell
Title:	Non-executive director
Experience and expertise:	Dale is an Authorised Marriage Celebrant. Secretary, Rally director and magazine editor - Classic Riders Club Goulburn.
Special responsibilities:	Governance & Risk Committee, Bungendore Community Funding Committee

Name:	Diana Mary Izzard
Title:	Non-executive director
Experience and expertise:	Di runs a sheep and cattle farm in the area. She is closely involved with several community groups including the Braidwood Show Society and the Gundillion Hall and Recreation Trust. Di also has previous experience in administration and accounts working in the Australia Federal Public Service and in private enterprise.
Special responsibilities:	Braidwood Community Funding Committee

Name:	Richard Elliott
Title:	Non-executive director
Experience and expertise:	Richard has a scientific background and has previously sat on the board of a Credit Union. Richard is currently the captain of the Majors Creek Rural Fire Service. He is involved in several community organisations such as Braidwood National Theatre s355 Committee, Braidwood Film Club and the Historical Radio Society.
Special responsibilities:	Braidwood Community Funding Committee

Name:	Garry Edward Cook
Title:	Non-executive director
Experience and expertise:	Employed as an agricultural consultant and manager for 42 years including 19 years with the Indigenous Land Corporation (Commonwealth Statutory Authority). Member of Rotary Club of Bungendore, committee member of Bungendore Rugby Football Club, committee member St Mary's and St Philip's Combined Churches Rodeo Association, committee member Bungendore Rodeo and Equestrian Sports and Recreation Ground Trust, committee member Bungendore Community Foundation. Bachelor of Science (Hons), Graduation Australian Institute of Company Directors and Graduate of Australian Rural Leadership Programme.
Special responsibilities:	Deputy Chair, member of Finance & HR Committee, member of Bungendore Community Funding Committee

Name:	Andrew Trevor Callan
Title:	Non-executive director
Experience and expertise:	BA Agriculture / BA Business (UNE). Certificate IV in Metalliferous Mining Operations (Underground). NSW Underground Mine Supervisor. Underground Miner. NSW Underground Shot Firer. Farmer and Grazier. Chairperson of Braidwood and District Education Foundation Committee.
Special responsibilities:	Governance and Risk Committee
Name:	Craig Hinder
Title:	Non-executive director *(appointed 16 December 2021)*
Experience and expertise:	Craig holds a Bachelor of Science (Aviation) and a Master of Business and Technology. Commencing his working career as a commercial pilot, Craig has since held several positions across the Australian Public Service, currently employed as a director in the Department of Agriculture, Fisheries and Forestry. As a local beekeeper, Craig also runs a small beekeeping business, is a member of the Goulburn Beekeeping Club and mentors several beekeepers in the region.
Special responsibilities:	Bungendore Community Funding Committee
Name:	Alexandra Rofe
Title:	Non-executive director *(appointed 26 May 2022)*
Experience and expertise:	Alexandra has extensive experience working in the public sector, engaged in strategic, policy and operational roles, with both business & corporate governance knowledge. In her local community Alex has volunteered with Majors Creek Recreation Reserve, the Majors Creek ANZAC Committee and the Majors Creek Progress Association.
Special responsibilities:	Braidwood Community Funding Committee
Name:	Gordon Russell Waters
Title:	Non-executive director *(resigned 25 March 2022)*
Experience and expertise:	Gordon has a bachelor of Information Technology from CQU. Gordon runs a local IT support business. He is also the volunteer manager of the community radio station which keeps him in touch with various community organisations and events staged in the area.
Special responsibilities:	Braidwood Community Funding Committee
Name:	Hanna Darmody
Title:	Non-executive director *(resigned 3 February 2022)*
Experience and expertise:	Hanna has a diploma of Marketing from Canberra Institute of Technology. She is currently employed in project management requiring a range of administration, financial and people management skills. Hanna has extensive involvement in the local Bungendore community.
Special responsibilities:	Vice-Chair, Bungendore Community Funding Committee

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

Company secretary

The Company secretary is Janene Collins. Janene was appointed to the position of Company Secretary on 24 August 2014.

Experience and expertise:	Janene has a Diploma of Community Organisation Management and an Associate Degree in Library and Information Studies as well as many years' experience as an Administrator and a volunteer board member with a variety of organisations.

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 $174,019 (30 June 2021: $263,894).

Operations have continued to perform in line with expectations.

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

	2022 $
Fully franked dividend of 7.5 cents per share (2021: 7.5 cents)	99,032

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 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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

	Board		Finance & HR		Governance & Risk	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Shane Anthony Holness	12	10	9	8	4	3
Rhyll Elizabeth Tozer	12	9	9	8	-	-
Dale Josephine Towell	12	11	-	-	4	4
Diana Mary Izzard	12	7	-	-	4	1
Richard Elliot	12	12	-	-	-	-
Garry Edward Cook	12	9	9	8	-	-
Andrew Trevor Callan	11	6	-	-	4	2
Craig Hinder	6	6	-	-	-	-
Alexandra Rofe	2	2	-	-	-	-
Gordon Russell Waters	10	6	-	-	-	-
Hanna Darmody	3	1	-	-	-	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

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

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Shane Anthony Holness	2,000	-	2,000
Rhyll Elizabeth Tozer	-	-	-
Dale Josephine Towell	-	-	-
Diana Mary Izzard	7,500	-	7,500
Richard Elliot	9,500	-	9,500
Garry Edward Cook	-	-	-
Andrew Trevor Callan	-	-	-
Craig Hinder	-	-	-
Alexandra Rofe	-	-	-
Gordon Russell Waters	-	-	-
Hanna Darmody	500	-	500

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. The company has not provided any insurance for an auditor of the company or a related body corporate.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility 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 30 to the accounts.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

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

On behalf of the directors

____
Garry Cook
Deputy Chair

22 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Palerang Financial Services Limited

As lead auditor for the audit of Palerang Financial Services Limited for the year ended 30 June 2022, 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: 22 September 2022

Joshua Griffin
Lead Auditor

Financial statements

Palerang Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	2,664,622	2,540,259
Other revenue	7	16,885	52,953
Finance revenue		-	4,086
Fair value gains/(losses) on financial assets	8	(27,331)	12,374
Employee benefits expense	9	(1,329,599)	(1,218,158)
Advertising and marketing costs		(41,316)	(48,124)
Occupancy and associated costs		(75,659)	(64,388)
System costs		(41,025)	(43,805)
Depreciation and amortisation expense	9	(84,421)	(82,003)
Finance costs	9	(2,077)	(2,825)
General administration expenses		(322,065)	(315,254)
Profit before community contributions and income tax expense		758,014	835,115
Charitable donations and sponsorships expense		(525,743)	(496,986)
Profit before income tax expense		232,271	338,129
Income tax expense	10	(58,252)	(74,235)
Profit after income tax expense for the year	23	174,019	263,894
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	307,333
Other comprehensive income for the year, net of tax		-	307,333
Total comprehensive income for the year		174,019	571,227
		Cents	**Cents**
Basic earnings per share	32	13.18	19.99
Diluted earnings per share	32	13.18	19.99

Palerang Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	1,137,951	988,648
Trade and other receivables	12	254,711	220,620
Total current assets		1,392,662	1,209,268
Non-current assets			
Financial assets	15	124,249	138,240
Investment properties	16	5,183	8,065
Property, plant and equipment	13	1,382,556	1,416,664
Right-of-use assets	14	22,699	33,252
Intangibles	17	99,177	126,668
Total non-current assets		1,633,864	1,722,889
Total assets		3,026,526	2,932,157
Liabilities			
Current liabilities			
Trade and other payables	18	117,597	81,531
Lease liabilities	19	18,275	16,158
Current tax liabilities	10	18,570	17,886
Employee benefits	20	167,566	156,972
Total current liabilities		322,008	272,547
Non-current liabilities			
Lease liabilities	19	12,741	28,939
Deferred tax liabilities	10	90,493	98,334
Employee benefits	20	35,207	41,247
Total non-current liabilities		138,441	168,520
Total liabilities		460,449	441,067
Net assets		2,566,077	2,491,090
Equity			
Issued capital	21	1,062,849	1,062,849
Reserves	22	423,150	423,150
Retained earnings	23	1,080,078	1,005,091
Total equity		2,566,077	2,491,090

Palerang Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Revaluation Reserve $	Retained earnings $	Total equity $
Balance at 1 July 2020		1,062,849	115,817	840,229	2,018,895
Profit after income tax expense		-	-	263,894	263,894
Net gain on revaluation of land and buildings		-	307,333	-	307,333
Total comprehensive income		-	307,333	263,894	571,227
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(99,032)	(99,032)
Balance at 30 June 2021		1,062,849	423,150	1,005,091	2,491,090

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2021		1,062,849	423,150	1,005,091	2,491,090
Profit after income tax expense		-	-	174,019	174,019
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(99,032)	(99,032)
Balance at 30 June 2022		1,062,849	423,150	1,080,078	2,566,077

Palerang Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,897,203	2,822,732
Payments to suppliers and employees (inclusive of GST)		(2,557,914)	(2,417,501)
		339,289	405,231
Interest received		-	4,086
Interest and other finance costs paid		-	(2)
Income taxes paid		(65,409)	(47,604)
Net cash provided by operating activities	31	273,880	361,711
Cash flows from investing activities			
Payments for financial assets		-	(57,554)
Payments for property, plant and equipment		(6,916)	(23,745)
Payments for intangibles		-	(126,876)
Proceeds from disposal of financial assets		-	57,554
Net cash used in investing activities		(6,916)	(150,621)
Cash flows from financing activities			
Dividends paid	25	(99,032)	(99,032)
Repayment of lease liabilities	19	(18,629)	(17,841)
Net cash used in financing activities		(117,661)	(116,873)
Net increase in cash and cash equivalents		149,303	94,217
Cash and cash equivalents at the beginning of the financial year		988,648	894,431
Cash and cash equivalents at the end of the financial year	11	1,137,951	988,648

Notes to the Financial Statements

Note 1. Reporting entity

The financial statements cover Palerang Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Unit 1, 19 Park Lane, Braidwood NSW.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis.

Note 3. Significant accounting policies

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

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

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

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

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

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

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 3. Significant accounting policies (continued)

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment
Non-derivative financial assets
Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

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

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

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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.

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

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

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

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

Note 5. Economic dependency

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

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	2,394,520	2,258,242
Fee income	148,361	164,000
Commission income	121,741	118,017
Revenue from contracts with customers	2,664,622	2,540,259

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

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

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

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

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin
Margin is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

Ability to change financial return
Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

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

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	-	4,804
Cash flow boost	-	37,500
Dividend and distribution income	13,340	6,948
Rental income	3,545	3,545
Other income	-	156
Other revenue	16,885	52,953

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

Revenue stream	Revenue recognition policy
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Rental income	Rental income from owned investment properties subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.

All revenue is stated net of the amount of GST.

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

Note 7. Other revenue (continued)

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

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

Note 8. Fair value gains/(losses) on financial assets

	2022 $	2021 $
Fair value gains/(losses) on financial assets	(27,331)	12,374

These amounts relate to the increase/decrease in the market value of financial assets held by the company.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Buildings	17,866	18,392
Plant and equipment	11,511	14,418
Motor vehicles	11,647	12,481
	41,024	45,291
Depreciation of right-of-use assets		
Leased land and buildings	12,530	12,036
Leased investment property	3,376	3,133
	15,906	15,169
Amortisation of intangible assets		
Franchise fee	27,491	21,543
	84,421	82,003

Finance costs

	2022 $	2021 $
Lease interest expense	2,077	2,823
Other	-	2
	2,077	2,825

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

Note 9. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	1,154,725	1,038,594
Superannuation contributions	119,561	99,653
Expenses related to long service leave	(1,205)	8,004
Other expenses	56,518	71,907
	1,329,599	1,218,158

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	16,523	16,200

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

Note 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	66,097	73,372
Movement in deferred tax	(7,845)	108,624
Reduction in company tax rate	-	220
Property, plant and equipment at FVTOCI	-	(107,981)
Aggregate income tax expense	58,252	74,235
Prima facie income tax reconciliation		
Profit before income tax expense	232,271	338,129
Tax at the statutory tax rate of 25% (2021: 26%)	58,068	87,914
Tax effect of:		
Property, plant and equipment at FVTOCI	-	(107,981)
Non-deductible expenses	184	-
Non-assessable income	-	(9,747)
Reduction in company tax rate	-	220
Temporary differences	-	(4,795)
Movement in deferred tax	-	108,624
Income tax expense	58,252	74,235

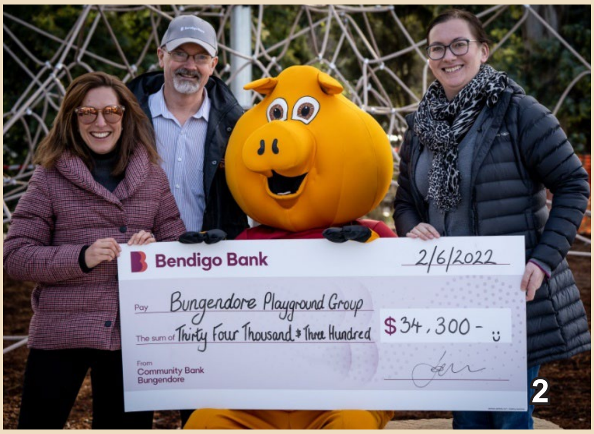
Community Bank Bungendore
Contributions to our community 2021/22

Organisation	Project Title	Amount $
Bungendore Country Music Muster Inc.	Promotion and prize money	4,500.00
Captains Flat Mens Shed	Automatic electronic defibrilator	1,250.00
Rotary Club of Bungendore	Defensive driving course #3	2,000.00
Rotary Club of Bungendore	Stall Equipment	3,568.00
Rotary Club of Bungendore	Bungendore Christmas Hamper	1,00.00
Tarago & District Mens Shed	Safety Table Saw	2,499.00
Bungendore War Memorial Committee	Annual Fundraiser - commemorative dinner	500.00
Bungendore Rugby Football Club Inc	Sponsorship 2022 winter competition	5,000.00
Bungendore Bunyips Cricket Club	Sponsorship 2021/22 season	2,785.00
Bungendore Tigers Rugby League FC Inc	Sponsorship of Ladies League Tag	5,000.00
Rotary Club of Bungendore	Defensive driving course #4	2,000.00
Bungendore Netball Club	21st Anniversary celebrations	5,000.00
Bungendore Preschool	40th Anniversary Cookbook	3,000.00
Rotary Club of Bungendore	Sondheim - A Bungendore Tribute	1,000.00
Bungendore Rugby Football Club Inc	Charity day fundraiser	2,283.00
Hoskingtown Rossi Volunteer Fire Brigade	Concrete Apron Extension, Driveway to Shed	45,856.00
C.E. Inter Fund transfer	PNG Ventilators	500.00
Rotary Club Bungendore	Playground Equipment	34,300.00
Bungendore Public School P & C Assoc.	Replacement of Audio-Visual in School Hall	57,870.00
Maddison Darmody-Neuman	Scholarship	5,000.00
Jazmyn Michie	Scholarship	5,000.00
Sophie Holloway	Scholarship	3,000.00
Indiana Gordon	Scholarship	2,000.00

Organisation	Project Title	Amount $
Flood Disaster Appeal	Disaster relief	1,000.00
Oscar Gordon	Scholarship	3,500.00
Rose Bray	Scholarship	3,000.00

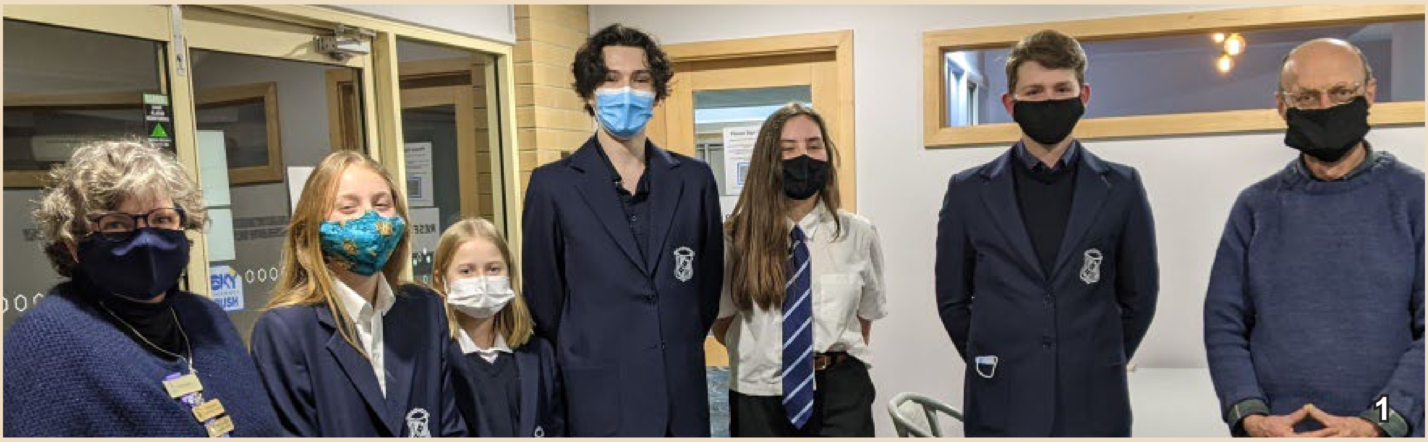
Bungendore total 2021-22	**$200,128**
Combined total 2021-22	**$370,431**
Bungendore total 2005-22	**$1,765,477**
Combined total 2005-22	**$4,560,562**

Community contributions 2021/22

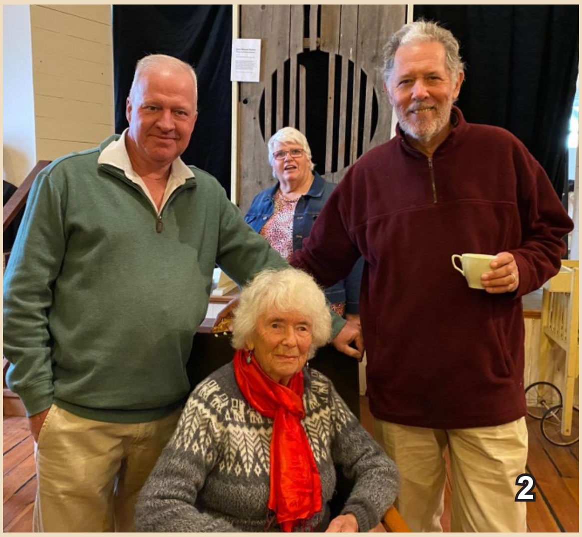


Bungendore

1. Rotary Community Garden
2. Bungendore Playground
3. Bungendore Mudchook's Charity Day
4. Defensive Driving Course
5. Bungendore Netball Club



Braidwood



1. Braidwood Central School Public Speaking & Debating Team
2. Book launch for 'Teamsters on The Clyde' by Ros Maddrell
3. 20th Anniversary celebration at Braidwood
4. Community Under Fire screening

Community Bank Braidwood
Contributions to our community 2021/2022

Organisation	Project Title	Amount $
Braidwood Preschool Association Inc.	Playground shade sail	2,500.00
Braidwood Community Association Inc.	BCA Laptop Computer	2,000.00
Two Fires Festival of Arts and Activism Inc	Come Together Braidwood	5,000.00
Braidwood Bowling Club	Bowls Events 2021-2022	5,000.00
Braidwood Jockey Club Inc	Public Screening Braidwood Races	3,000.00
The Lions Club of Braidwood	Replacement Marquee	2,000.00
Braidwood District Pony Club Inc	Showjump Trailer	2,000.00
Braidwood Junior Soccer Club	Soccer uniforms & training equipment	5,000.00
Crookwell CWA	100 Years Celebration Project	350.00
Braidwood Polocrosse Club	Carnival 28 & 29 May	3,000.00
The Lions Club of Braidwood	Young Writers Festival	3,000.00
Braidwood Community Radio	Braidwood FM 10th Birthday celebration	2,865.00
Upper Shoalhaven Landcare Council	Healing country & community with good fire	6,800.00
Krawaree Rural Fire Brigade	Icemaking equipment	4,090.91
Braidwood Life Centre	Christmas 2021 Hampers & Lunch	4,650.00
Braidwood and District Education Foundation	BDEF 2022 Scholarship Project	15,000.00
Braidwood and District Historical Society	Book Launch for Teamsters on the Clyde Mountain	2,000.00
Braidwood & District Historical Society	St. Bede's Roof Repair	10,396.82
Braidwood & District Historical Society	Restoration works St Stephens Majors Creek	7,150.00
Braidwood Youth Performing Arts Association	Events program	15,280.00
C.E. Inter Fund transfer	PNG Ventilators	500.00
Braidwood Old Sunday School Hall Association	Kitchen Completion	15,000.00
Sam Daniher	Scholarship	3,000.00
Zoe Cargill	Scholarship	5,000.00

Organisation	Project Title	Amount $
Emily Tipping	Scholarship	5,000.00
Willough Corby	Scholarship	5,000.00
Flood Disaster Appeal	Disaster relief	1,000.00
Charlie Campbell	Scholarship	2,500.00
Araluen Progress Association	Federation Hall Renovations	22,000.00
Georgia Grant	Scholarship	2,500.00
Lions Club of Braidwood (auspice)	Consensus Education Foundation Think Tank	5,720.00

Braidwood total 2021-22	**$170,302.73**
Combined total 2021-22	**$370,430.50**
Bungendore total 2004-22	**$2,795,084.73**
Combined total 2004-22	**$4,560,561.50**

Note 10. Income tax (continued)

	2022 $	2021 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	144,704	144,704
Financial assets at fair value through profit or gain/(loss)	(2,572)	4,260
Right-of-use assets	6,971	10,329
Lease liabilities	(7,754)	(11,274)
Employee provisions	(50,856)	(49,685)
Deferred tax liability	90,493	98,334

	2022 $	2021 $
Provision for income tax	18,570	17,886

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

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

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

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

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

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

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

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	595,978	446,675
Term deposits	541,973	541,973
	1,137,951	988,648

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	248,846	207,888
Prepayments	5,865	12,732
	254,711	220,620

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

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

Note 13. Property, plant and equipment

	2022 $	2021 $
Land - at fair value	418,105	418,105
Buildings - at fair value	939,571	935,835
Less: Accumulated depreciation	(86,232)	(64,630)
	853,339	871,205
Plant and equipment - at cost	304,603	297,687
Less: Accumulated depreciation	(216,988)	(205,477)
	87,615	92,210
Motor vehicles - at cost	80,271	80,271
Less: Accumulated depreciation	(56,774)	(45,127)
	23,497	35,144
	1,382,556	1,416,664

Note 13. Property, plant and equipment (continued)

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

	Land $	Buildings $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	172,780	719,609	106,628	23,880	1,022,897
Additions	-	-	-	23,745	23,745
Revaluation increments	245,325	169,988	-	-	415,313
Depreciation	-	(18,392)	(14,418)	(12,481)	(45,291)
Balance at 30 June 2021	418,105	871,205	92,210	35,144	1,416,664
Additions	-	-	6,916	-	6,916
Depreciation	-	(17,866)	(11,511)	(11,647)	(41,024)
Balance at 30 June 2022	418,105	853,339	87,615	23,497	1,382,556

Fair value
The fair value of property was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's Braidwood and Bungendore properties were independently valued effective 16 November 2020 by Saunders & Staniforth Valuers. The valuations resulted in an increment to the carrying amount of the properties resulting in a revaluation gain of $307,333 in the Statement of Profit or Loss and Other Comprehensive Income.

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 straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows

Land and buildings	6 to 80 years
Plant and equipment	5 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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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 14. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	74,437	72,460
Less: Accumulated depreciation	(51,738)	(39,208)
	22,699	33,252

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

	Land and buildings $	Total $
Balance at 1 July 2020	44,017	44,017
Remeasurement adjustments	1,271	1,271
Depreciation expense	(12,036)	(12,036)
Balance at 30 June 2021	33,252	33,252
Remeasurement adjustments	1,977	1,977
Depreciation expense	(12,530)	(12,530)
Balance at 30 June 2022	22,699	22,699

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 19 for more information on lease arrangements.

Note 15. Financial assets

	2022 $	2021 $
Equity securities - at FVTPL	124,249	138,240

Accounting policy for financial assets
Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The company classifies investments as a current asset when it expects to realise the asset or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

Note 16. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	18,609	18,115
Less: Accumulated depreciation	(13,426)	(10,050)
	5,183	8,065

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

Opening amount	8,065	11,004
Remeasurement adjustments	494	194
Depreciation expense	(3,376)	(3,133)
Closing amount	5,183	8,065

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with AASB16 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*.

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.

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 17. Intangibles

	2022 $	2021 $
Franchise fee	328,359	328,359
Less: Accumulated amortisation	(229,182)	(201,691)
	99,177	126,668

Note 17. Intangibles (continued)

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

	Franchise fee $	Total $
Balance at 1 July 2020	21,335	21,335
Additions	126,876	126,876
Amortisation expense	(21,543)	(21,543)
Balance at 30 June 2021	126,668	126,668
Amortisation expense	(27,491)	(27,491)
Balance at 30 June 2022	99,177	99,177

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)	June 2026

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

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

Note 18. Trade and other payables

	2022 $	**2021 $**
Current liabilities		
Trade payables	14,106	6,581
Other payables and accruals	103,491	74,950
	117,597	81,531

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 19. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	19,500	18,193
Unexpired interest	(1,225)	(2,035)
	18,275	16,158
Non-current liabilities		
Land and buildings lease liabilities	13,000	30,323
Unexpired interest	(259)	(1,384)
	12,741	28,939

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	45,097	58,650
Remeasurement adjustments	2,471	1,465
Lease interest expense	2,077	2,823
Lease payments - total cash outflow	(18,629)	(17,841)
	31,016	45,097

Maturity analysis

	2022 $	2021 $
Not later than 12 months	19,500	18,193
Between 12 months and 5 years	13,000	30,323
	32,500	48,516

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 not 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.

Note 19. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Park Lane Lease	The lease agreement commenced in March 2018. A 2 year renewal option was exercised in March 2022. The company has no renewal options available. As such, the lease term end date used in the calculation of the lease liability is March 2024. The discount rate used in the calculation is 5.39%.

Note 20. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	63,188	57,429
Long service leave	104,378	99,543
	167,566	156,972
Non-current liabilities		
Long service leave	35,207	41,247

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.

Note 20. Employee benefits (continued)

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

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	1,062,849	1,062,849	1,062,849	1,062,849
Bonus shares - fully paid (2:1)	257,570	257,570	-	-
	1,320,419	1,320,419	1,062,849	1,062,849

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").

Note 21. Issued capital (continued)

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

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

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

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

Note 22. Reserves

	2022 $	**2021 $**
Revaluation surplus reserve	423,150	423,150

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation Reserve $	Total $
Balance at 1 July 2020	115,817	115,817
Revaluation of property plant and equipment	307,333	307,333
Balance at 30 June 2021	423,150	423,150
Balance at 30 June 2022	423,150	423,150

Note 23. Retained earnings

	2022 $	**2021 $**
Retained earnings at the beginning of the financial year	1,005,091	840,229
Profit after income tax expense for the year	174,019	263,894
Dividends paid (note 25)	(99,032)	(99,032)
Retained earnings at the end of the financial year	1,080,078	1,005,091

Note 24. 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 25. Dividends

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

	2022 $	2021 $
Fully franked dividend of 7.5 cents per share (2021: 7.5 cents)	99,032	99,032

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

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	550,572	537,763
Franking credits (debits) arising from income taxes paid (refunded)	65,409	47,604
Franking debits from the payment of franked distributions	(33,011)	(34,795)
	582,970	550,572
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	582,970	550,572
Franking credits (debits) that will arise from payment (refund) of income tax	18,570	17,882
Franking credits available for future reporting periods	601,540	568,454

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%.

Note 26. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	248,846	207,888
Cash and cash equivalents	1,137,951	988,648
Financial assets	124,249	138,240
	1,511,046	1,334,776
Financial liabilities		
Trade and other payables	117,597	81,531
Lease liabilities	31,016	45,097
	148,613	126,628

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, lease liabilities, equity securities.

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, except for the equity securities which are measured at fair value through other comprehensive income.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. The company has elected do this and as such, net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss.

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. For equity securities any gain or loss on derecognition is recognised in other comprehensive income. Any gain or loss on other assets and liabilities is recognised through 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.

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.

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

Note 26. Financial instruments (continued)

Equity Price risk
All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). All unlisted equity investments trade shares through a Low Volume Financial Market. Changes in equity securities value is recognised through profit or loss or other comprehensive income.

2021	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	13,824	(13,824)	(10%)	(13,824)	13,824

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $1,137,951 at 30 June 2022 (2021: $988,648). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	117,597	-	-	117,597
Lease liabilities	19,500	13,000	-	32,500
Total non-derivatives	137,097	13,000	-	150,097

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	81,531	-	-	81,531
Lease liabilities	18,193	30,323	-	48,516
Total non-derivatives	99,724	30,323	-	130,047

Note 27. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	124,249	-	-	124,249
Total assets	124,249	-	-	124,249

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	138,240	-	-	138,240
Total assets	138,240	-	-	138,240

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 28. Key management personnel disclosures

The following persons were directors of Palerang Financial Services Limited during the financial year:

Shane Anthony Holness
Rhyll Elizabeth Tozer
Dale Josephine Towell
Diana Mary Izzard
Richard Elliot
Craig Hinder
Garry Edward Cook
Andrew Trevor Callan
Alexandra Rofe
Gordon Russell Waters
Hanna Darmody

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 29. Related party transactions

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

The following transactions occurred with related parties:

	2022 $	2021 $
Gordon Waters supplied IT services to the Crookwell branch	-	360

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

Note 30. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	6,200	5,900
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,710	4,090
	3,310	4,690
	9,510	10,590

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	174,019	263,894
Adjustments for:		
Depreciation and amortisation	84,421	82,003
increase in fair value of equity instruments designated at FVTPL	27,331	(12,374)
Profit on disposal of non-current assets	-	(4,804)
Income reinvested in financial assets	(13,340)	(7,104)
Lease liabilities interest	2,077	2,823
Change in operating assets and liabilities:		
Increase in trade and other receivables	(34,091)	(18,190)
Decrease in other operating assets	-	18,391
Increase in trade and other payables	36,066	33,890
Increase in provision for income tax	684	-
Increase/(decrease) in deferred tax liabilities	(7,841)	8,239
Increase/(decrease) in employee benefits	4,554	(5,057)
Net cash provided by operating activities	273,880	361,711

Note 32. Earnings per share

	2022 $	2021 $
Profit after income tax	174,019	263,894
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,320,419	1,320,419
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,320,419	1,320,419
	Cents	**Cents**
Basic earnings per share	13.18	19.99
Diluted earnings per share	13.18	19.99

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

Note 33. Commitments

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

Note 34. Contingencies

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

Note 35. Events after the reporting period

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

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Garry Cook
Deputy Chair

22 September 2022

Independent Auditor's Report

Andrew Frewin Stewart
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03 5443 0344

Independent auditor's report to the Directors of Palerang Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Palerang Financial Services Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2022
- 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 Palerang Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2022 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

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.

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. 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.

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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: 22 September 2022

Joshua Griffin
Lead Auditor

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Braidwood and Bungendore

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