



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



2024

Annual Report



**Pambula & District
Community Development Limited**

Franchisee Pambula and Bega

Community Bank Branches, Bendigo and Adelaide Bank

ABN 27 128 796 458

Annual Report 2024

Presented to the **Annual General Meeting**,
Wednesday 20 November 2024, 6.00pm
at the Bega Commemorative Civic Centre

Cover photo by Liz Bellette-Stubbs

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Chair's Report 2024

I am pleased to present the Chair's report for the 2023/24 year. The year's key features include the impact of reduced margins on the company's financial performance, significant community investments and our decision to discontinue our face-to-face banking operation in Bombala.

The company incurred a pre-tax loss of \$112,465 compared with a profit of \$148,382 for the previous year. This was due to reduced margins, the additional costs of operating the Bombala office and our decision to maintain community contributions at a high level. It is important to note that our core operations – the Pambula and Bega branches remain profitable.

Phil Smith and his team were highly effective in maintaining and improving the level of footings in an increasingly competitive retail banking environment.

The Board determined to maintain a level of return to the community above historic levels despite more difficult business conditions. We were able to do this because of our strong balance sheet which follows from prudent financial management in earlier years. Our financial contribution to the community totalled \$212,031.

The returns to the community again reached a diverse group of recipients across our business area and community sectors. Contributing back to the community is a major component of our core business and we are really pleased with the range and size of this year's investments.

In early 2023 the company opened a banking operation in Bombala in response to the town losing its only bank. Unfortunately we had to make the difficult decision to close the business due to changing financial and operating conditions which meant that we could no longer see a viable pathway to sustainability.

I'd like to acknowledge the contribution of our Bombala staff - David Shelley, Naomi Bruce and Lily Potts and the staunch support of the Bombala Community Reference group.

I am delighted to report that the Pambula branch won the Bega Valley Business award in the category of 'Employer of Choice'. This is a testimony to the quality of our staff in both Pambula and Bega and of our Manager Phillip Smith.

I take this opportunity to acknowledge our hardworking Board. It has been a challenging year made much easier because of the positive and collegiate approach of each of our board members.

Tim Shepherd

Chair

Finance Committee Chair's Report

Finance Report

The company's financial performance during 2023/24 was below budget largely due to lower margins income on customer products and slightly higher expenditure. Total customer revenue was 12.24% lower than 2022/23 and total expenditure in comparison was 9.22% higher.

The company paid a 3 cents fully franked dividend on the back of the 2022/23 results. A decision has not yet been made on the 2023/24 dividend.

Revenue

Gross profit in 2023/24 averaged \$,156,671 per month compared to \$178,523 per month across 2022/23. This change was primarily due to lower margins on our customers' deposits and loans.

Expenses

Total expenses before community contributions and income tax rose by 9.22% in 2023/24 compared to 2022/23. Employment benefits expenses rose by 13.66% compared to the previous year with additional staff being employed in 2023/24.

Charitable donations and sponsorships dropped 43.95% compared to last year. This was a continuation of the Board's policy to maximise this investment in the community. In addition to the \$212,031 shown on the Profit and Loss, the Board also approved another \$27,726 drawn down from the Community Enterprise Foundation (CEF). The Company continues to work closely with the Community Enterprise Foundation in its management of these outlays.

Profit or Loss

The profit before community contributions and income tax for 2023/24 was \$99,566 compared to \$526,668 for the previous year.

The loss before tax for 2023/24 was \$112,465 compared to a pre-tax profit of \$148,382 in the previous year.

Financial Position (Liquidity)

In 2022/23 current assets of the Company amounted to 55.75% as a proportion of total assets. In 2023/24 it fell slightly to 53.09%, as some cash reserves were used to maintain a substantial level of community contributions. Last year (2022/23) the Company had \$3.1 per \$1 of current liabilities, however in 2023/24 this had fallen to \$2.58 per \$1 of current liabilities. The Company is still in a positively liquid position despite this year's loss.

Financial Governance - Cash Management

During 2022/23, the Board continued to use its risk management framework and cash management policy to ensure funds security and adequate ready cash reserves.

Colleagues

My thanks go to my Board colleagues on the Finance Committee for their contributions during the year and to Graham Stubbs, Leea Ferris and Robyn Morillas for their continuing services to the company.

Colin Dunn

Chair Finance Committee

Senior Managers Report

2023-24 was a tougher year for the Community Banking industry than the 2022-23. The loan market slowed in our area of operation, but our deposits stayed strong across both of our branches at Community Bank Pambula & District and Community Bank Bega.

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

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

Philip Smith

Senior Manager

Community Bank Pambula & Bega Branches

Supporting Our Community

Building the Community

Since October 2008, when the Pambula franchise was opened, Pambula and District Community Development Limited (PDCDL) has, through sponsorship, donations and grants, returned more than \$2 million back into the community. Types of organisations include agricultural show societies, hospital and aged care auxiliaries, bushfire brigades, schools, Rotary and Lions clubs, sporting clubs, business chambers, arts music and special interest clubs.

Strategic Relationships

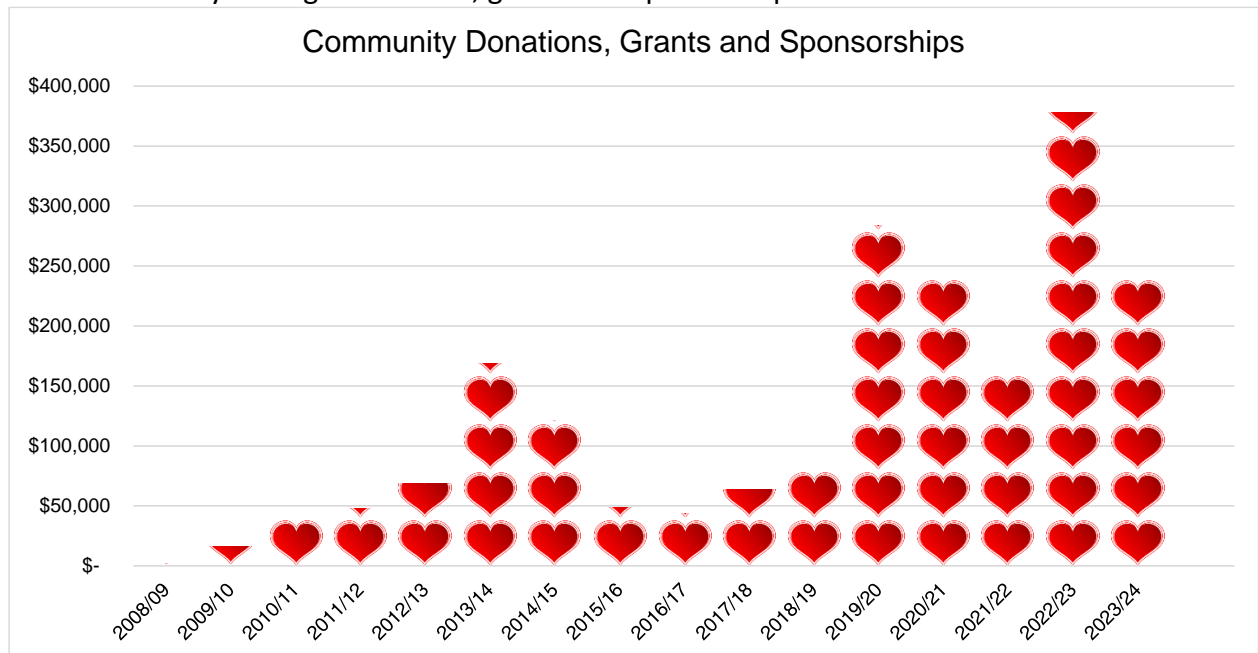
Over the years PDCDL has developed a number of relationships with important local community organisations:

- *Pambula Surf Life Saving Club*: PDCDL provides funding to the club to assist with the ever increasing cost of maintenance of their motorized equipment and building.
- *Service Clubs in our community including the Rotary clubs of Pambula, Merimbula and Bega as well as the Lions clubs of Pambula/Merimbula and Tathra.*
- *Bega, Eden and Merimbula's Community Radio Stations*: Edge Fm operates out of Bega, 2SEA operates out of Eden and Sapphire FM operates out of Merimbula. PDCDL continues to be a major sponsor of these vital community communication services.
- *Marine Rescue NSW – Eden and Merimbula*: during 2023/24 PDCDL strengthened our partnership with the Eden branch of this life saving organisation and also started a partnership to also support the Merimbula branch of Marine Rescue NSW.

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

The Trend

Below is a graph that shows how much your Company has given back to the community since it began in 2008. In recent years the Company has been in a position to increase its support of our local community through donations, grants and sponsorships.



It is the aim of the company to return all our available profits back to our community in the form of dividends to our shareholders (who must have a local connection) and to community organisations that are helping others through their volunteering and community spirit. During 2023/24 we distributed more than \$239,757 (212,031 from this year's profit and loss, and \$27,726 from our CEF account) via 112 grants provided to organisations across our community.

In addition, our staff helped facilitate several grants from the CEF Bushfire Recovery Fund, with a value of over \$50,000.

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

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

Extra Support at Christmas

Each year your company provides support to local organisations that serve Christmas lunch to local people, as well as hampers and gift vouchers for members of our community that would otherwise struggle at Christmas time and beyond.

Many of our community in the villages, hamlets and farmlands beyond our towns can feel even more remote at this time of year, so we are proud to help local organisations that support these community members.

Donation, Grant and Sponsorship Recipients 2023-2024

Old Bega Hospital Reserve Land Manager
The Boydtown Shipyard Inc
Far South Film Inc
Delegate Country Club
Dreamcoat Theatre Productions
Sapphire Chamber of Commerce
Bega Amateur Swimming Club Inc
Twofold Aboriginal Corporation
Down South Jazz Club Inc
Theatre Onset Bega
Bemboka Community Hub
Sapphire Coast Arts & Sports Youth Development Fund
Pambula Surf Life Saving Club
Sapphire Coast Horse Trail Riders Club Inc
Merimbula & District Arts Group
Imlay House Auxiliary
Friends of Bombala Railway Inc
Bega Lions Club
Pathways Music Tuition Program
Sapphire Coast Youth Development Fund Inc.
Bega Heritage Motor Club Inc
Social Justice Advocates of the Sapphire Coast
Marine Rescue NSW – Merimbula Unit
Sapphire Coast Board Riders
Pambula Panthers Aust Football Club
Merimbula Jazz Festival Inc
RSL Bega Sub-Branch
Bega Valley Youth Orchestra
Sapphire FM Community Radio
Headspace Bega
Tathra Beach Country Club Ladies Golf
Candelo Agricultural Horticultural & Dairy Farmers
Motherland Ltd
Bega Valley Community Radio
Bega Valley Shire Council
Scouts NSW - Eden
Sapphire Life Opportunities Ltd
Pambula A H & P Society
Bombala Motorcycle Association Inc
Bega A P & H Society Inc
Sapphire Coast Anglican College
Rotary Club of Narooma
Bombala Motocross Club
Stonewave Taiko Inc
Cobargo AP&H Society Inc.
Pambula Public School P & C
Eden Sports and Recreation Club
Bombala Exhibition Society Inc
Tathra United Football Club
Home Loan Expo
Rotary Club of Pambula
Bega Valley Marketplace
Merimbula Basketball Association
Pambula District Hospital Auxiliary
Crimson Rosella Creative Adventures
Big Sing Incorporated
Rotary Club of Merimbula
Far South Coast Table Tennis Group
Jay's Mission Melanoma Walk
Southern Valley Folk Club Inc
Student Bus Wrapping Competition
Winterfest Inc
Bega District Band Incorporated
Marine Rescue NSW – Eden Unit
Bombala Events Committee
Mission to Seafarers - Eden
Eden Service & Social Club Inc
Candelo Camp Draft
Bemboka Public School
Pambula Business Chamber
Lions Club of Pambula Merimbula
Lions Club of Tathra
Far South Coast Film Inc
Currawarna Assisted Living Inc
Sapphire Coast Netball Association
Pambula Merimbula Golf Club
Sapphire Coast Turf Club Inc
Fling Student Theatre
Eden Rural Fire Brigade
Rotary Club of Bega
Sapphire Coast Orchid Club
Bega Angledale Cricket Club
Delegate Presbyterian Church
Sapphire Coast Anglican Parish

Corporate Governance Statement

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

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

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

- Finance
- Governance, Audit and Risk

Identifying and Managing Business Risks

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

Independent Professional Advice

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

Communication With Shareholders

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

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

The Annual Report

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

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

Continuous Improvement In Governance

We are constantly reviewing our structure and methods and have in these disruptive times reviewed existing processes and frameworks and adopted some new practices which will remain under review; including virtual Board and committee meetings, electronic approval of motions when physical meetings are not practical.

Pambula & District Community Development Limited

ABN 27 128 796 458

Financial Report - 30 June 2024

Pambula & District Community Development Limited

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

Directors

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

Name: Timothy George Shepherd
Title: Non-executive director
Experience and expertise: Tim is Chair of the Board. He has held senior positions in the NSW national parks and wildlife service and is now a consultant and volunteer in natural rescue management. Tim holds a BSc(hons) degree and a graduate diploma in mediation and conflict resolution. He has enjoyed a significant involvement in community sport including Chair of the Sapphire Coast Australian Football League and President of the Pambula Panthers Football Club
Special responsibilities: Chair, Finance Committee Member

Name: Russell John Fitzpatrick
Title: Non-executive director
Experience and expertise: Russell is the Mayor of Bega Valley Shire Council. He is also the Chair of Canberra Region Joint Organisation and the NSW Association Joint Organisations. Russell is a current Board Member of Country Mayors Association of NSW and a past Board Member of Southern NSW Local Health (2010-2021) and the Regional Development Far South Coast (2010-2018). Russell is a Life Member of the Pambula Merimbula Junior Rugby League.
Special responsibilities: Business Development Committee Member

Name: Garry Bruce Hetherington
Title: Non-executive director
Experience and expertise: Garry grew up in Pambula, moved away for study and career, then returned home with his family in 1994. He has been actively engaged in our community since then. He joined our board in March 2017 and brings a depth of experience in good board practice. Garry's professional background is engineering and project management, but for the last 30 years his business focus has been caravan and holiday parks. Garry is married to Narelle and has four adult sons. Garry & Narelle are part-owners of Tathra Beach Eco Camp. Garry has three degrees from the University of Sydney. Garry's past volunteer and community work include; Member of Sapphire Coast Tourism Committee, Director and Chair of BIG4 Holiday Parks Pty Ltd, Director and Chair of Bega Valley Christian College, Director and Chair of Sapphire Coast Anglican College, Member and Chair of Sapphire Aquatic Centre, Director of Sapphire Life Church.
Special responsibilities: Deputy Chair, Audit & Risk Committee Member, Finance Committee Member

Name: Colin Robert Dunn OAM
Title: Non-executive director
Experience and expertise: Colin's qualifications include Bachelor of Commerce and Economics (U. Melb) Trained Secondary Teachers Certificate (U. Melb), Grad. Dip. Commuters in Education (U. Canberra), Certified Practising Accountant (CPA)- 40 years. Colin's experience includes Senior Lecturer (Business) RMIT University 2000-2008, President (three times) - Rotary Club of Pambula; Member - Bega Shire Council Disaster Relief Fund Committee; President (2006) International Council for Small Business; President (2004/5) Small Enterprise Association of Australia and New Zealand; Deputy Principal, Lake Tuggeranong College, ACT (1991-3).
Special responsibilities: Nil

Pambula & District Community Development Limited

Directors' report

30 June 2024

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

Name: Esther Therese Colson
Title: Non-executive director (appointed 5 July 2023)
Experience and expertise: Esther is a Solicitor at David Griffith Lawyers (2014 - Current). Esther holds a Bachelor of Laws (Hons) from the University of Canberra, Masters in Legal Practice - ANU and a Masters in Business Administrations - SCU. Esther is a previous Committee Member of Sapphire Court Runners and is the current Vice President of the Far South Coast & Monaro Regional Law Society.
Special responsibilities: Nil

Name: Gordon William Beattie
Title: Non-executive director (appointed 7 August 2024)
Experience and expertise: Gordon has a BA and Dip Ed from the University of Sydney and a B Ed from Queens University, Canada. He was former Head of Performance, Theatre and Dance (Theatre Nepean) and Chair of the Courses Management Committee in Design and Contemporary Arts at the University of Western Sydney. He has extensive experience working with not for profits and since moving to the Bega Valley with his partner operated their consultancy Arrow Solutions, Arrow Solutions. Prior to the Bushfires and Covid he was actively involved with Sapphire Coast Tourism and the South Coast Regional Tourism Organisation as deputy Chair. His research interests and experience involve: The creation and generation of performance; New media and technology; Community mapping and community development; Creative industries; Tourism, especially cultural tourism; Sustainable communities; change management; Critical thinking and analysis; Intercultural performance; Aboriginal performance; Performance art, festivals and events; Live interpretation in cultural institutions and activation of public spaces.
Special responsibilities: Nil

Name: Deborah Julie Shaw
Title: Non-executive director (appointed 7 August 2024)
Experience and expertise: Deborah, now retired, has more than 40 years' experience of program and service delivery in the Australian Federal and State Public Services, Canada, New Zealand, Ghana and throughout the Pacific. Deborah holds a Master of Business Administration degree with a major in corporate finance, Bachelor of Science in Occupational Therapy, Diploma of Project Management and a Certificate IV in Training and Assessment. She is also a graduate of the Australian Institute of Company Directors. Deborah's work experience in the health and education sectors and the public service was focused on governance, finance and strategic human capital management. During the latter part of her career Deborah strengthened public sector capacity and capability in several Pacific Island Forum member countries and Ghana. Deborah's community service includes seven years as Treasurer, Australian Professional Snowsport Instructors Inc., President, Canberra Quilters, and member of the Finance, Audit and Risk subcommittee for the Canberra Irish Club.
Special responsibilities: Nil

Pambula & District Community Development Limited

Directors' report

30 June 2024

Name: Andrew Robert de Fegely
Title: Non-executive director (resigned 6 December 2023)
Experience and expertise: Andrew is a Forestry Consultant, the Chair of the Forest Industry Advisory Council and Sustainable Timber Tasmania, a Member of the Pambula RFS and a fellow Australian Institute of Company Director's. Andrew also has a BSC (Forestry) and MSC (Forest Business Management).
Special responsibilities: Nil

Company secretary

The Company secretary is Graham Stubbs. Graham was appointed to the position of Company secretary on 1 July 2021.

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

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The loss for the company after providing for income tax amounted to \$80,118 (30 June 2023: profit of \$110,998).

From 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

Additionally, the company recorded charitable donations, sponsorships and grants expense of \$212,031 for the year ended 30 June 2024 (2023: \$378,286) which contributed to the company's operating result.

Dividends

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

	2024	2023
	\$	\$
Fully franked dividend of 7 cents per share (2023: 3 cents)	53,292	22,840

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

On 1 December 2023, the company entered into a new 5-year franchise agreement with Bendigo Bank, increasing the company's intangible assets and trade and other payables by approximately \$138,290.

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

Pambula & District Community Development Limited
Directors' report
30 June 2024

Matters subsequent to the end of the financial year

A decision to close the Bombala Office was made by the board of directors on 3 July 2024. Negotiations have commenced with the landlord for the early termination of the lease which is contracted to end in June 2027. An agreement is yet to be made for the early termination of the Bombala Office lease, as such there is no financial impact on the lease liability at the date of this report. The financial impact of the closure is the full impairment of the right-of-use asset which would be a \$22,563 decrease in net profit before tax and net assets.

No other matter or circumstance has arisen since 30 June 2024 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

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Environmental regulation

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

Meetings of directors

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

	Board Eligible	Attended
Timothy George Shepherd	11	10
Russell John Fitzpatrick	11	8
Garry Bruce Hetherington	11	7
Colin Robert Dunn OAM	11	9
Jennifer Eleanor Symons	11	11
Esther Therese Colson	11	9
Gordan William Beattie	-	-
Deborah Julie Shaw	-	-
Andrew Robert de Fegely	4	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 except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Timothy George Shepherd	2,000	-	2,000
Russell John Fitzpatrick	-	-	-
Garry Bruce Hetherington	-	-	-
Colin Robert Dunn OAM	-	-	-
Jennifer Eleanor Symons	-	-	-
Esther Therese Colson	-	-	-
Gordan William Beattie	-	-	-
Deborah Julie Shaw	-	-	-
Andrew Robert de Fegely	-	-	-

Pambula & District Community Development Limited

Directors' report

30 June 2024

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

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

Pambula & District Community Development Limited
Directors' report
30 June 2024

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

A handwritten signature in black ink, appearing to read 'T. Shepherd', written over a horizontal line.

Timothy George Shepherd
Chair

4 September 2024



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

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

As lead auditor for the audit of Pambula & District Community Development Limited for the year ended 30 June 2024, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 4 September 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

Lachlan Tatt
Lead Auditor

Pambula & District Community Development Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	1,880,051	2,142,277
Other revenue		21,295	43,382
Finance revenue		19,759	8,725
Total revenue		<u>1,921,105</u>	<u>2,194,384</u>
Employee benefits expense	8	(1,203,900)	(1,059,171)
Advertising and marketing costs		(66,263)	(56,929)
Occupancy and associated costs		(58,963)	(57,631)
System costs		(60,545)	(55,846)
Depreciation and amortisation expense	8	(202,525)	(197,993)
Finance costs	8	(27,855)	(31,697)
General administration expenses		(201,488)	(208,449)
Total expenses before community contributions and income tax expense		<u>(1,821,539)</u>	<u>(1,667,716)</u>
Profit before community contributions and income tax expense		99,566	526,668
Charitable donations, sponsorships and grants expense	8	(212,031)	(378,286)
Profit/(loss) before income tax (expense)/benefit		(112,465)	148,382
Income tax (expense)/benefit	9	32,347	(37,384)
Profit/(loss) after income tax (expense)/benefit for the year		(80,118)	110,998
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(80,118)</u>	<u>110,998</u>
		Cents	Cents
Basic earnings per share	27	(10.52)	14.58
Diluted earnings per share	27	(10.52)	14.58

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

Pambula & District Community Development Limited
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	391,712	515,052
Trade and other receivables	11	189,200	198,713
Investments	12	502,363	483,850
Total current assets		<u>1,083,275</u>	<u>1,197,615</u>
Non-current assets			
Investment properties		9,147	23,011
Property, plant and equipment	13	326,257	378,767
Right-of-use assets	14	427,178	493,400
Intangible assets	15	122,156	11,015
Deferred tax assets	9	72,371	44,255
Total non-current assets		<u>957,109</u>	<u>950,448</u>
Total assets		<u>2,040,384</u>	<u>2,148,063</u>
Liabilities			
Current liabilities			
Trade and other payables	16	137,040	127,597
Lease liabilities	17	176,447	126,952
Current tax liabilities	9	-	47,774
Employee benefits	18	106,248	82,865
Total current liabilities		<u>419,735</u>	<u>385,188</u>
Non-current liabilities			
Trade and other payables	16	91,272	-
Lease liabilities	17	368,853	472,248
Employee benefits	18	46,284	45,797
Provisions		54,580	51,760
Total non-current liabilities		<u>560,989</u>	<u>569,805</u>
Total liabilities		<u>980,724</u>	<u>954,993</u>
Net assets		<u>1,059,660</u>	<u>1,193,070</u>
Equity			
Issued capital	19	717,967	717,967
Retained earnings		<u>341,693</u>	<u>475,103</u>
Total equity		<u>1,059,660</u>	<u>1,193,070</u>

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

Pambula & District Community Development Limited
Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		717,967	386,945	1,104,912
Profit after income tax expense		-	110,998	110,998
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(22,840)	(22,840)
Balance at 30 June 2023		<u>717,967</u>	<u>475,103</u>	<u>1,193,070</u>
Balance at 1 July 2023		717,967	475,103	1,193,070
Loss after income tax benefit		-	(80,118)	(80,118)
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(53,292)	(53,292)
Balance at 30 June 2024		<u>717,967</u>	<u>341,693</u>	<u>1,059,660</u>

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

Pambula & District Community Development Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,102,943	2,360,351
Payments to suppliers and employees (inclusive of GST)		(1,981,747)	(1,965,830)
Interest received		18,513	8,151
Income taxes refunded/(paid)		<u>(43,543)</u>	<u>8,654</u>
Net cash provided by operating activities	26	<u>96,166</u>	<u>411,326</u>
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(18,513)	(4,190)
Payments for property, plant and equipment	13	(18,069)	(18,848)
Payments for intangible assets		<u>(27,658)</u>	<u>(28,018)</u>
Net cash used in investing activities		<u>(64,240)</u>	<u>(51,056)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(23,627)	(29,280)
Dividends paid	21	(53,292)	(22,840)
Repayment of lease liabilities		<u>(78,347)</u>	<u>(63,563)</u>
Net cash used in financing activities		<u>(155,266)</u>	<u>(115,683)</u>
Net increase/(decrease) in cash and cash equivalents		(123,340)	244,587
Cash and cash equivalents at the beginning of the financial year		<u>515,052</u>	<u>270,465</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>391,712</u></u>	<u><u>515,052</u></u>

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

Pambula & District Community Development Limited

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Pambula & District Community Development Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

Registered office

55A Toalla Street
Pambula NSW 2549

Principal place of business

55A Toalla Street
Pambula NSW 2549

172 Carp Street
Bega NSW 2550

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

Note 2. Basis of preparation and statement of compliance

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

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 3. Material accounting policy information (continued)

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

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

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. Investments are carried at amortised cost using the effective interest rate method.

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 of non-financial assets

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

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

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- 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.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- 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 has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Impairment of non-financial 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 key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

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.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, 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. This 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.

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

On 1 December 2023 the company entered into a new 5-year franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in November 2028.

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

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

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

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

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 5. Economic dependency (continued)

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. Change to comparative figures

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 Statement of Cash Flows and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparative figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$483,850 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 Leases on 1 July 2019, the company previously recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$155,279.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,691,065	1,966,985
Fee income	104,104	104,835
Commission income	84,882	70,457
	<u>1,880,051</u>	<u>2,142,277</u>

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers

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

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

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

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

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

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates.

Margin income

Margin on core banking products is arrived at through the following calculation:

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

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

Commission income

Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

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

Core banking products

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

Ability to change financial return

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

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

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 8. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	973,353	885,221
Non-cash benefits	12,305	13,405
Superannuation contributions	115,464	97,537
Expenses related to long service leave	28,062	17,894
Other expenses	74,716	45,114
	<u>1,203,900</u>	<u>1,059,171</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	46,787	46,775
Plant and equipment	18,234	12,843
Motor vehicles	5,558	14,236
	<u>70,579</u>	<u>73,854</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	98,182	86,265
Investment property	6,615	11,506
	<u>104,797</u>	<u>97,771</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	4,524	4,395
Franchise renewal fee	22,625	21,973
	<u>27,149</u>	<u>26,368</u>
	<u>202,525</u>	<u>197,993</u>

Finance costs

	2024	2023
	\$	\$
Lease interest expense	25,353	29,280
Unwinding of make-good provision	2,502	2,417
	<u>27,855</u>	<u>31,697</u>

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

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 8. Expenses (continued)

Leases recognition exemption

	2024	2023
	\$	\$
Expenses relating to low-value leases	<u>18,872</u>	<u>20,121</u>

Charitable donations, sponsorships and grants expense

	2024	2023
	\$	\$
Direct donation, sponsorship and grant payments	212,031	273,033
Contribution to the Community Enterprise Foundation™	<u>-</u>	<u>105,253</u>
	<u>212,031</u>	<u>378,286</u>

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

Note 9. Income tax

	2024	2023
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax	-	62,412
Movement in deferred tax	(23,121)	(25,028)
Under/over adjustment	(4,231)	-
Future income tax benefit attributable to losses	<u>(4,995)</u>	<u>-</u>
Aggregate income tax expense/(benefit)	<u>(32,347)</u>	<u>37,384</u>
<i>Prima facie income tax reconciliation</i>		
Profit/(loss) before income tax (expense)/benefit	<u>(112,465)</u>	<u>148,382</u>
Tax at the statutory tax rate of 25%	(28,116)	37,096
Tax effect of:		
Non-deductible expenses	<u>-</u>	<u>288</u>
Under/over adjustment	<u>(28,116)</u>	<u>37,384</u>
	<u>(4,231)</u>	<u>-</u>
Income tax expense/(benefit)	<u>(32,347)</u>	<u>37,384</u>

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 9. Income tax (continued)

	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Tax losses	4,995	-
Property, plant and equipment	(12,188)	(23,189)
Employee benefits	38,133	32,166
Share buyback costs	1,075	1,612
Provision for lease make good	13,645	12,940
Accrued expenses	1,225	1,475
Income accruals	(1,758)	(1,446)
Lease liabilities	136,325	149,800
Right-of-use assets	(109,081)	(129,103)
	<u>72,371</u>	<u>44,255</u>
Deferred tax asset		
	2024	2023
	\$	\$
Provision for income tax	<u>-</u>	<u>47,774</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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.

Note 10. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	<u>391,712</u>	<u>515,052</u>

Note 11. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	<u>165,612</u>	<u>177,078</u>
Other receivables and accruals	12,256	11,008
Prepayments	<u>11,332</u>	<u>10,627</u>
	<u>23,588</u>	<u>21,635</u>
	<u>189,200</u>	<u>198,713</u>

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 11. Trade and other receivables (continued)

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. 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.

Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	<u>502,363</u>	<u>483,850</u>

Note 13. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	487,485	486,965
Less: Accumulated depreciation	<u>(238,902)</u>	<u>(192,115)</u>
	<u>248,583</u>	<u>294,850</u>
Plant and equipment - at cost	193,509	175,960
Less: Accumulated depreciation	<u>(120,875)</u>	<u>(102,641)</u>
	<u>72,634</u>	<u>73,319</u>
Motor vehicles - at cost	65,046	65,046
Less: Accumulated depreciation	<u>(60,006)</u>	<u>(54,448)</u>
	<u>5,040</u>	<u>10,598</u>
	<u><u>326,257</u></u>	<u><u>378,767</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	341,625	67,314	24,834	433,773
Additions	-	18,848	-	18,848
Depreciation	<u>(46,775)</u>	<u>(12,843)</u>	<u>(14,236)</u>	<u>(73,854)</u>
Balance at 30 June 2023	294,850	73,319	10,598	378,767
Additions	520	17,549	-	18,069
Depreciation	<u>(46,787)</u>	<u>(18,234)</u>	<u>(5,558)</u>	<u>(70,579)</u>
Balance at 30 June 2024	<u><u>248,583</u></u>	<u><u>72,634</u></u>	<u><u>5,040</u></u>	<u><u>326,257</u></u>

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 13. Property, plant and equipment (continued)

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

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

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

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

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

Note 14. Right-of-use assets

	2024	2023
	\$	\$
Land and buildings - right-of-use	818,114	786,156
Less: Accumulated depreciation	<u>(390,936)</u>	<u>(292,756)</u>
	<u><u>427,178</u></u>	<u><u>493,400</u></u>

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

	Land and buildings \$
Balance at 1 July 2022	527,361
Additions	34,034
Remeasurement adjustments	18,270
Depreciation expense	<u>(86,265)</u>
Balance at 30 June 2023	493,400
Remeasurement adjustments	31,960
Depreciation expense	<u>(98,182)</u>
Balance at 30 June 2024	<u><u>427,178</u></u>

Accounting policy for right-of-use assets

Right-of-use assets are 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. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 17 for more information on lease arrangements.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 15. Intangible assets

	2024	2023
	\$	\$
Franchise fee	72,909	49,861
Less: Accumulated amortisation	<u>(52,550)</u>	<u>(48,026)</u>
	<u>20,359</u>	<u>1,835</u>
Franchise renewal fee	282,366	167,124
Less: Accumulated amortisation	<u>(180,569)</u>	<u>(157,944)</u>
	<u>101,797</u>	<u>9,180</u>
	<u><u>122,156</u></u>	<u><u>11,015</u></u>

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

	Franchise fee	Franchise renewal fee	Total
	\$	\$	\$
Balance at 1 July 2022	6,230	31,153	37,383
Amortisation expense	<u>(4,395)</u>	<u>(21,973)</u>	<u>(26,368)</u>
Balance at 30 June 2023	1,835	9,180	11,015
Additions	23,048	115,242	138,290
Amortisation expense	<u>(4,524)</u>	<u>(22,625)</u>	<u>(27,149)</u>
Balance at 30 June 2024	<u><u>20,359</u></u>	<u><u>101,797</u></u>	<u><u>122,156</u></u>

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2028

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

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 16. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	14,853	8,054
Other payables and accruals	122,187	119,543
	<u>137,040</u>	<u>127,597</u>
<i>Non-current liabilities</i>		
Other payables and accruals	91,272	-
	<u>91,272</u>	<u>-</u>
	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payable</i>		
Total trade and other payables	137,040	127,597
less other payables and accruals (net GST payable to the ATO)	(24,279)	(32,392)
	<u>112,761</u>	<u>95,205</u>

Note 17. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	176,447	126,952
	<u>176,447</u>	<u>126,952</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	368,853	472,248
	<u>368,853</u>	<u>472,248</u>
<i>Reconciliation of lease liabilities</i>		
	2024	2023
	\$	\$
Opening balance	599,200	609,191
Additional lease liabilities recognised	-	34,034
Remeasurement adjustments	22,721	19,538
Lease interest expense	25,353	29,280
Lease payments - total cash outflow	(101,974)	(92,843)
	<u>545,300</u>	<u>599,200</u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 17. Lease liabilities (continued)

The company's lease portfolio includes:

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

Note 18. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	65,201	69,393
Long service leave	41,047	13,472
	<u>106,248</u>	<u>82,865</u>
<i>Non-current liabilities</i>		
Long service leave	46,284	45,797
	<u>46,284</u>	<u>45,797</u>

Accounting policy for short-term employee benefits

Liabilities for 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. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	847,009	847,009	847,009	847,009
Share buy back - fully paid	(85,689)	(85,689)	(85,689)	(85,689)
Less: Equity raising costs	-	-	(35,294)	(35,294)
Less: Cost of share buy back	-	-	(8,059)	(8,059)
	<u>761,320</u>	<u>761,320</u>	<u>717,967</u>	<u>717,967</u>

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.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 19. Issued capital (continued)

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 20. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitors the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 21. Dividends

Dividends provided for and paid during the period

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

	2024 \$	2023 \$
Fully franked dividend of 7 cents per share (2023: 3 cents)	53,292	22,840

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	268,761	285,028
Franking credits (debits) arising from income taxes paid (refunded)	43,544	(8,654)
Franking debits from the payment of franked distributions	(17,764)	(7,613)
	<u>294,541</u>	<u>268,761</u>

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	294,541	268,761
Franking credits (debits) that will arise from payment (refund) of income tax	-	47,775
Franking credits available for future reporting periods	<u>294,541</u>	<u>316,536</u>

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

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 22. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 22. Financial risk management (continued)

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

	2024 \$	2023 \$
Financial assets at amortised cost		
Trade and other receivables (note 11)	177,868	188,086
Cash and cash equivalents (note 10)	391,712	515,052
Investments (note 12)	502,363	483,850
	<u>1,071,943</u>	<u>1,186,988</u>
Financial liabilities at amortised cost		
Trade and other payables (note 16)	112,761	95,205
Lease liabilities (note 17)	545,300	599,200
	<u>658,061</u>	<u>694,405</u>

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 22. Financial risk management (continued)

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised then it is extinguished, cancelled or expires.

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$391,712 and term deposits of \$502,363 at 30 June 2024 (2023: \$515,052 and \$483,850).

Liquidity risk

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

The following are the company's 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.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	137,040	91,272	-	228,312
Lease liabilities	125,903	366,933	60,757	553,593
Total non-derivatives	<u>262,943</u>	<u>458,205</u>	<u>60,757</u>	<u>781,905</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	127,597	-	-	127,597
Lease liabilities	152,510	411,615	122,666	686,791
Total non-derivatives	<u>280,107</u>	<u>411,615</u>	<u>122,666</u>	<u>814,388</u>

Note 23. Key management personnel disclosures

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

Timothy George Shepherd
 Russell John Fitzpatrick
 Garry Bruce Hetherington
 Colin Robert Dunn OAM
 Jennifer Eleanor Symons

Esther Therese Colson
 Gordan William Beattie
 Deborah Julie Shaw
 Andrew Robert de Fegely

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

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

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
Pambula Panthers Australian Football Club received sponsorship during the period. Timothy George Shepherd is the President of the club.	2,500	3,500
Rotary Club of Pambula received sponsorship during the period. Colin Robert Dunn OAM is the President of the club.	8,500	2,500
Sapphire FM Community Radio received sponsorship during the period. Colin Robert Dunn OAM is a committee member.	4,800	-
Merimbula Jazz Festival received sponsorship during the period. Colin Robert Dunn OAM is a committee member.	5,000	-

Note 25. Remuneration of auditors

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

	2024 \$	2023 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,650	6,400
<i>Other services</i>		
Taxation advice and tax compliance services	850	660
General advisory services	4,690	3,620
Share registry services	5,658	4,756
	<u>11,198</u>	<u>9,036</u>
	<u><u>18,848</u></u>	<u><u>15,436</u></u>

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

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

	2024	2023
	\$	\$
Profit/(loss) after income tax (expense)/benefit for the year	(80,118)	110,998
Adjustments for:		
Depreciation and amortisation	202,525	197,993
Lease liabilities interest	25,352	29,280
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	9,513	(44,409)
Decrease in income tax refund due	-	23,291
Increase in deferred tax assets	(28,116)	(25,027)
Increase/(decrease) in trade and other payables	(11,588)	45,618
Increase/(decrease) in provision for income tax	(47,774)	47,774
Increase in employee benefits	23,870	23,392
Increase in other provisions	2,502	2,416
Net cash provided by operating activities	<u>96,166</u>	<u>411,326</u>

Note 27. Earnings per share

	2024	2023
	\$	\$
Profit/(loss) after income tax	<u>(80,118)</u>	<u>110,998</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>761,320</u>	<u>761,320</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>761,320</u>	<u>761,320</u>
	Cents	Cents
Basic earnings per share	(10.52)	14.58
Diluted earnings per share	(10.52)	14.58

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Pambula & District Community Development Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Pambula & District Community Development Limited
Notes to the financial statements
30 June 2024

Note 30. Events after the reporting period

A decision to close the Bombala Office was made by the board of directors on 3 July 2024. Negotiations have commenced with the landlord for the early termination of the lease which is contracted to end in June 2027. An agreement is yet to be made for the early termination of the Bombala Office lease, as such there is no financial impact on the lease liability at the date of this report. The financial impact of the closure is the full impairment of the right-of-use asset which would be a \$22,563 decrease in net profit before tax and net assets.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Pambula & District Community Development Limited
Directors' declaration
30 June 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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

On behalf of the directors



Timothy George Shepherd
Chair

4 September 2024



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

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

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

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

- i. giving a true and fair view of the company's financial position as at 30 June 2024 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
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

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.



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

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written in a cursive style.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 4 September 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', written in a cursive style.

Lachlan Tatt
Lead Auditor