

Annual Report 2025

Fairy Meadow Community
Financial Services Limited

Community Bank
Wollongong

ABN 16 104 140 641



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Chairperson's report

For year ending 30 June 2025

The Reserve Bank of Australia's stance on monetary policy has eased in the last financial year with two rate reductions of 0.25% in February and May 2025. The RBA cash rate as of 30 June 2025 was standing at 3.85% with predictions of further cuts into the next financial year.

This small reduction does impact our customers returns who are depositors who have enjoyed a steady cash rate over the previous year. The easing of the RBA cash rate is good news for our borrowers with loans and slightly eases the cost-of-living pressures. There is significant competition for business (based on price) in the marketplace with margins becoming shorter throughout the financial year when there is easing in monetary policy.

The RBA continues to use inflation to influence their cash rate decisions. Underlying inflation over the 2024-25 Financial Year stood at 2.4% which is within their target range of 2.4% but trending downwards which required the RBA to stimulate the economy with 2 rate cuts within the year. Most Economists are predicting at least 2 rate cuts over the coming year with a lot of outside variability influencing the marketplace. With Government reducing their spend within communities and outside pressures I do not see rates rising in the next financial year.

Employment growth has been slowly creeping higher from 4% in May 2024 to 4.3% at June 2025. The forecast from economists predicts this to continue to rise upwards to 4.5% throughout this fiscal year.

Overall, the Australian economy is currently experiencing a period of below-trend growth, and this is expected to continue for a while yet. Households continue to face a squeeze on their budgets and consumer demand has slowed considerably. Households have continued to transition throughout the year off the low interest rates that occurred during the pandemic and the recent easing has helped all.

As mentioned in last year's annual report, the board is concentrating on supporting the growth of the business, in both lending and deposits. In our book this past year, our total deposits and lending had an increase by years end which is positive news for the business and shareholders. More details of the growth will be detailed in the Branch Managers report.

FMCFS is continuing to be profitable and returning dividends for our shareholders. Even with margins in lending very tight and competitive, our investment in marketing and being active in the community is starting to reap benefits. Total Income reduced to \$1,200K this financial year which is down from \$1,292K in 2023-24. Our profit after tax for this year was \$176,980 compared to \$208,931 in 2023-24. Expenses in the year decreased to \$968K from \$1,014K in 2023-24.

This year's results have allowed the Board to do a number of things:

- Declare a dividend of 5% for all shareholders, payable before the end of the year
- Increase our total equity by \$143K
- Continue to work with a third-party specialist to uplift our Marketing and Communications activities to better leverage off the opportunities in the Wollongong region
- Invest in the local community through sponsorship and donations
- Invest in new signage for the bank.

Chairperson's report (continued)

The Branch structure continues to be an important piece of work for the Board. In March 2025 we welcomed Matt Holmes in the position of Branch Manager. Matt has been with the Bendigo Bank brand for several years and knows the procedures and processes well. Matt and the team have been given a few important targets to meet by the Board as we continue our goal of improving our book and balance sheet. This will set us up for success well into the future and give us the ability to continue to reinvest back into the local community. In early July 2025 we said farewell to Meridith Gregory, our longest serving employee. Meridith has been there every step of the way with the growth of this branch and committed many hours of her life to supporting customers, which therefore supports our own community. On behalf of all the Board and shareholders we thank Meridith for her years of service and commitment. We wish her well in retirement and look forward to seeing her back in the branch, but on the other side of the screens.

The Board would like to thank all staff for their loyalty, hard work and continuing customer focus during what has been a period of significant change in the Branch. The Board would like to congratulate the staff who continue to pursue their career growth with us. As the Chair I feel satisfaction in seeing internal staff moving along with their career goals and as a Board we welcome and support that growth from within.

This year two changes to the composition of the Board. We welcome Marie Russo, who came on board in November 2024. Marie has been a local all her life with deep family connections to business and the local area. Marie works in the legal profession and brings to the board a wealth of knowledge and experience that we can utilise well into the future. Sadly, we did lose our Mitchell James who has been a board member for several years and supported the branch during the COVID period. Members thank you for your valued contribution during your tenure and wish you all the best success in the future.

On behalf of the Board, I thank you – customers, shareholders and all other stakeholders - for your continued support and loyalty. With the return to profitability, we look forward to investing in and growing the business throughout the remaining year of 2025 and beyond.



Bobbi Brodie
Chairperson

Manager's report

For year ending 30 June 2025

I was delighted to Join the company in March 2025 as the Branch Manager for the Community Bank Wollongong. I came across to the Community Bank Wollongong after five years at the Community Bank Oak Flats as a Branch Manager and Mobile Lender. Although a new Branch our values and framework remain the same and that is to put the customer at the centre of everything that we do.

2024-25 was another year of uncertainties, with wars, tariffs, inflation and interest rates changes. This past year has been one of progress, resilience and adaption as we continue to navigate the evolving financial and technological landscape.

With all the challenges faced in the year 2024-25 It was inspiring to be able to give records amount of money back to the community in the form of sponsorship's, grants and donations. It was also pleasing that we were able to grow both our loan and deposit books and also our total Customer numbers.

- Loan Book Growth = \$839,291
- Deposit Book Growth = \$2,842,285
- Total Book Growth = \$3,681,576
- Total book = \$147,903,363

2024-25 also saw a new look Branch with our external signage updated ensuring we a committed to the local community for years to come. We are all very proud of the new look.

To the Board of Directors of Fairy Meadow Community Financial Services Limited who give their time and service to make Community Bank Wollongong so successful and to all the community, customers, friends and shareholders, congratulations on another outstanding year which would not be possible without your ongoing support.

Finally, I would like to thank my entire staff Silvana, Matt, Tanika and Jo for their passion and commitment you have shown over the past year, again, none of this would be possible without you.

Matt Holmes
Branch Manager

Directors' report

The Directors present their report of the Company for the financial year ended 30 June 2025.

Directors

The following persons were Directors of Fairy Meadow Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Name of Director		Period as Director	Qualifications & Special Responsibilities	
Anthony O'Connor	appointed	29/04/2014	Retired CEO	Deputy Chairman
Bobbi Brodie	appointed	19/09/2022	Director - NSW Public Service	Chairman/Treasurer
Mitchell James	resigned	23/09/2024	Company Director	
Teagan Curtin	appointed	26/07/2022	Financial Planner	Secretary
Amy Lewis	appointed	24/03/2023	Leasing Executive	
Marija Murray	appointed	19/10/2023	Accountant	Treasurer
Marie Russo	appointed	28/10/2024	Lawyer	

No Directors have material interests in contracts or proposed contracts with the Company.

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	Attended	Eligible to Attend
Anthony O'Connor	11	11
Mitchell James	0	3
Teagan Curtin	10	11
Bobbi Brodie	10	11
Amy Lewis	11	11
Marija Murray	10	11
Marie Russo	8	8

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the Company for the financial year after provision for income tax was \$176,980 (2024 profit \$208,931).

Dividends

During the year a dividend was paid totalling \$34,000 (5 cents per fully paid share) on 2 December 2024. A final ordinary dividend of \$34,000 (5 cents per fully paid share) is proposed to be paid on 8 December 2025 out of retained earnings at 30 June 2025.

Directors' report (continued)

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Environmental regulations

The Company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The Company has agreed to indemnify each Officer (Directors, Secretary and employees) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers' Insurance for the benefit of Officers of the Company against any liability incurred by an Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No Officer of the Company is or has been a partner of the Auditor of the Company.

Directors' report (continued)

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Equity holdings of key management personnel

No Directors or key management personnel held any ordinary shares in the Company during the current or comparative financial year.

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

The directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors on 24 September 2025.



.....
Anthony O'Connor
Director



.....
Bobbi Brodie
Director

Auditor's independence declaration



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Fairy Meadow Community Financial Services Limited

As lead auditor for the audit of Fairy Meadow Community Financial Services Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the 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.

Daley & Co.

Daley & Co
Chartered Accountants

Michael Murdt
Michael Murdt
Partner

Wollongong

24 September 2025

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scheme approved under
Professional Standards
Legislation



Financial statements

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue	2	1,200,798	1,292,552
Expenses			
Employee benefits expense	3	(538,089)	(579,405)
Depreciation and amortisation	3	(134,513)	(118,230)
Administration and general costs		(85,287)	(91,667)
Bad and doubtful debts recovered / (expense)	3	(8,042)	(104)
Lease expenses	26	(23,202)	(27,403)
IT costs		(29,283)	(26,266)
Marketing		(30,407)	(22,372)
Professional services		(59,780)	(63,104)
Property expenses		(47,096)	(32,804)
Charitable donations and sponsorships		(13,019)	(52,770)
Profit / (loss) before income tax		232,079	278,427
Income tax (expense) / benefit	4	(55,099)	(69,496)
Profit / (loss) for the year		176,980	208,931
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year attributable to the owners of the Company		176,980	208,931
Profit / (loss) attributable to members of the Company		176,980	208,931
Total comprehensive income attributable to members of the Company		176,980	208,931
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (cents per share):			
- basic (loss)/ earnings per share		26.03	30.73
- diluted earnings per share		26.03	30.73

Financial statements (continued)

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Financial Position
as at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	5	342,896	110,297
Trade and other receivables	6	115,911	119,951
Financial assets	7	863,191	963,808
Current tax asset	4	19,016	-
Other assets	8	15,101	22,339
Total current assets		1,356,115	1,216,395
Non-current assets			
Property, plant and equipment	9	36,576	50,253
Right of use asset	26	306,127	393,593
Intangible assets	10	46,731	60,751
Deferred tax assets	4	37,467	40,729
Total non-current assets		426,901	545,326
Total assets		1,783,016	1,761,721
Liabilities			
Current liabilities			
Trade and other payables	11	67,458	72,606
Current tax liability		-	5,153
Lease liabilities		91,399	82,907
Provisions	12	55,459	80,774
Total current liabilities		214,316	241,440
Non-current liabilities			
Trade and other payables	11	30,843	46,264
Lease liabilities		269,168	360,573
Provisions	12	71,276	59,011
Total non-current liabilities		371,287	465,848
Total liabilities		585,603	707,288
Net assets		1,197,413	1,054,433
Equity			
Issued capital	13	680,000	680,000
Profit reserve	15	32,307	32,307
Retained earnings / (accumulated losses)		485,106	342,126
Total equity		1,197,413	1,054,433

Financial statements (continued)

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Changes in Equity
for the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Profit reserves \$	Total equity \$
Balance at 1 July 2023		680,000	235,195	32,307	947,502
Profit for the year ended 30 June 2024		-	208,931	-	208,931
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	208,931	-	208,931
Transactions with owners, in their capacity as owners					
Dividends paid or provided	23	-	(102,000)	-	(102,000)
Balance at 30 June 2024		<u>680,000</u>	<u>342,126</u>	<u>32,307</u>	<u>1,054,433</u>
Profit for the year ended 30 June 2025		-	176,980	-	176,980
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	176,980	-	176,980
Transactions with owners, in their capacity as owners					
Dividends paid or provided	23	-	(34,000)	-	(34,000)
Balance at 30 June 2025		<u>680,000</u>	<u>485,106</u>	<u>32,307</u>	<u>1,197,413</u>

Financial statements (continued)

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Cash Flows
for the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		1,282,724	1,408,265
Payments to suppliers and employees		(953,313)	(982,844)
Interest paid		(20,438)	(24,783)
Interest received		36,089	36,331
Income tax (paid) / refunded		(76,819)	(200,703)
Net cash provided by operating activities	14a	268,243	236,266
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,350)	(28,611)
Net redemption / (purchase) of investments		100,617	(137,339)
Purchase of intangible assets		-	(8,412)
Net cash flows from / (used in) investing activities		81,267	(174,362)
Cash flows from financing activities			
Repayment of lease liabilities		(82,911)	(76,877)
Dividends paid		(34,000)	(68,000)
Net cash provided by / (used in) financing activities		(116,911)	(144,877)
Net increase / (decrease) in cash held		232,599	(82,973)
Cash and cash equivalents at beginning of financial year		110,297	193,270
Cash and cash equivalents at end of financial year	5	342,896	110,297

Notes to the financial statements

For the year ended 30 June 2025

These financial statements and notes represent those of Fairy Meadow Community Financial Services Limited.

Fairy Meadow Community Financial Services Limited ('the Company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 24 September 2025.

1. Summary of material accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Material accounting policy information relating to the preparation of these financial statements are presented below, and are consistent with prior reporting periods unless otherwise stated.

The Company has adopted the amendments to AASB 101 Presentation of Financial Statements which require only the disclosure of material accounting policy information rather than significant accounting policies and therefore policy information which does not satisfy one of the following requirements has been removed from these financial statements:

- Relates to change in accounting policy
- Policy has been developed in the absence of an explicit accounting standard requirement
- Documents an accounting policy choice
- Relates to an area of significant judgement or estimation
- Relates to a complex transaction and is required to explain the treatment to the user

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Fairy Meadow.

The branch operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. the Company manages the Community Bank® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

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

Economic dependency (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

(c) Fair value of assets and liabilities

The Company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the Company at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(d) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are:

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	10%	PC
Plant and equipment	10% - 30%	DV
Fixtures and Fittings	10% - 20%	DV
Motor Vehicles	25%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(f) Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(g) Revenue and other income (continued)

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The Company recognises revenue from the following major source providing Community Bank[®] branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Provision of branch services

Revenue from the provision of branch services is recognised over the period in which the services are rendered. The contract for branch services are subject to a formal franchise agreement.

The agreement includes an enforceable right for the Company to receive payment for work performed to date based on the services provided based upon observable data and therefore the criteria for recognition of revenue over time is met.

The Company's payment terms are 30 days from the end of the month and accordingly there is no financing element to the services provided.

At the end of each month, the Company recognises a receivable as this represents the point in time at which the Company's right to consideration becomes unconditional as a Recipient Created Tax invoice (or equivalent) accompanies the services provided, as only the passage of time is required before payment is due.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the Company.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(h) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(i) **Financial assets**

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

Classification

On initial recognition, the Company classifies its financial assets as those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(i) *Financial assets (continued)*

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(ii) *Financial liabilities*

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and finance lease liabilities.

(j) *Impairment of non-financial assets*

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(j) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(k) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(l) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year, but not distributed at balance date.

(m) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

(o) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(o) Leases (continued)

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Notes to the financial statements (continued)

1. Summary of material accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The Company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the Company's assessment of future cash flows.

Impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the financial statements (continued)

	2025 \$	2024 \$
2. Revenue and other income		
<i>Revenue from contracts with customers</i>		
- services commissions	1,151,734	1,254,648
	<u>1,151,734</u>	<u>1,254,648</u>
<i>Other income</i>		
- interest received	49,063	37,904
	<u>49,063</u>	<u>37,904</u>
Total revenue	<u>1,200,798</u>	<u>1,292,552</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated, the following table shows this breakdown:

Timing of revenue recognition

- At a point in time	-	-
- Over time	1,151,734	1,254,648
Revenue from contracts with customers	<u>1,151,734</u>	<u>1,254,648</u>

3. Expenses

Profit before income tax includes the following specific expenses:

Employee benefits expense		
- wages and salaries	484,185	524,251
- superannuation costs	53,904	55,154
	<u>538,089</u>	<u>579,405</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	27,448	6,253
- leasehold improvements	5,579	9,411
	<u>33,027</u>	<u>15,664</u>
Amortisation		
- franchise fees	14,019	13,741
- right of use asset	87,466	88,825
Total depreciation and amortisation	<u>134,513</u>	<u>118,230</u>
Bad and doubtful debts (recovered) / expenses	8,042	104
Auditor's remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit or review of the financial report	<u>14,450</u>	<u>12,550</u>

Notes to the financial statements (continued)

	2025 \$	2024 \$
4. Income tax		
a. The components of tax expense / (income) comprise:		
Current tax expense	51,838	62,175
Deferred tax expense / (income)	3,261	7,321
	55,099	69,496
a. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 25% (2023: 25%)	58,020	69,607
Add tax effect of:		
- Deferred tax assets not previously recognised		
- Under / (over)provision of prior years	-	-
- Changes in temporary differences	-	-
Less tax effect of:		
- Changes in temporary differences	(2,921)	(111)
- Adjustment of tax of prior period	-	-
Losses carried forward, not recognised [note 1 (r)]	-	-
Income tax attributable to the entity	55,099	69,496
b. Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit @ 25%	-	-
The unused tax losses can be carried forward indefinitely. See notes 1(b) and 1(r) for information about the non-recognition of tax losses and significant judgements made in relation to them.		
Deferred tax assets balance comprises:		
Lease liabilities	27,704	12,471
Accruals	673	1,812
Employee provisions	9,090	26,446
Net deferred tax asset	37,467	40,729
Total carried forward tax losses not recognised as deferred tax assets	-	-
5. Cash and cash equivalents		
Cash at bank and on hand	342,896	110,297
	342,896	110,297

Notes to the financial statements (continued)

	2025	2024
	\$	\$
6. Trade and other receivables		
Current		
Trade receivables	92,500	109,514
Other receivables	23,411	10,437
	115,911	119,951

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the Company's income.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
	\$	\$	< 30 days	31-60 days	> 60 days	\$
2024						
Trade receivables	109,514	-	-	-	-	109,514
Other receivables	10,437	-	-	-	-	10,437
Total	119,951	-	-	-	-	119,951
2025						
Trade receivables	92,500	-	-	-	-	92,500
Other receivables	23,411	-	-	-	-	23,411
Total	115,911	-	-	-	-	115,911

7. Financial assets

Amortised cost assets

Term deposits	863,191	963,808
	863,191	963,808

The effective interest rate on short-term bank deposits was between 2.9% and 4.7% (2024: 4.05% - 4.8%); these deposits have a maturity of between 4 and 9 months.

Notes to the financial statements (continued)

	2025 \$	2024 \$
8. Other assets		
Prepayments	15,101	22,339
	<u>15,101</u>	<u>22,339</u>
9. Property, plant and equipment		
<i>Leasehold improvements</i>		
At cost	114,151	114,151
Less accumulated depreciation	<u>(108,994)</u>	<u>(103,415)</u>
	5,157	10,736
<i>Fixtures and Fittings</i>		
At cost	142,575	123,860
Less accumulated depreciation	<u>(135,729)</u>	<u>(116,008)</u>
	6,846	7,852
<i>Plant and equipment</i>		
At cost	96,428	95,793
Less accumulated depreciation	<u>(90,197)</u>	<u>(88,584)</u>
	6,231	7,209
<i>Motor Vehicles</i>		
At cost	25,180	25,180
Less accumulated depreciation	<u>(6,838)</u>	<u>(724)</u>
	18,342	24,456
Total property, plant and equipment	<u>36,576</u>	<u>50,253</u>
Movements in carrying amounts		
<i>Leasehold improvements</i>		
Balance at the beginning of the reporting period	10,736	20,147
Depreciation expense	<u>(5,579)</u>	<u>(9,411)</u>
Balance at the end of the reporting period	5,157	10,736
<i>Fixtures and Fittings</i>		
Balance at the beginning of the reporting period	7,852	9,069
Additions	18,715	1,481
Depreciation expense	<u>(19,721)</u>	<u>(2,698)</u>
Balance at the end of the reporting period	6,846	7,852
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	7,209	8,090
Additions	635	1,950
Disposals	-	-
Depreciation expense	<u>(1,613)</u>	<u>(2,831)</u>
Balance at the end of the reporting period	6,231	7,209

Notes to the financial statements (continued)

	Note	2025 \$	2024 \$
9. Property, plant and equipment (continued)			
<i>Motor Vehicles</i>			
Balance at the beginning of the reporting period		24,456	-
Additions		-	25,180
Depreciation expense		(6,114)	(724)
Balance at the end of the reporting period		<u>18,342</u>	<u>24,456</u>
Total property, plant and equipment			
Balance at the beginning of the reporting period		50,253	37,306
Additions		19,350	28,611
Disposals		-	-
Depreciation expense		(33,027)	(15,664)
Balance at the end of the reporting period		<u>36,576</u>	<u>50,253</u>
10. Intangible assets			
<i>Franchise fee</i>			
At cost		70,097	70,097
Less accumulated amortisation		(23,366)	(9,346)
Total intangible assets		<u>46,731</u>	<u>60,751</u>
Movements in carrying amounts			
<i>Franchise fee</i>			
Balance at the beginning of the reporting period		60,751	4,394
Additions		-	70,098
Amortisation expense		(14,019)	(13,741)
Balance at the end of the reporting period		<u>46,731</u>	<u>60,751</u>
11. Trade and other payables			
Current			
<i>Unsecured liabilities:</i>			
Trade creditors		13,324	15,648
Other creditors and accruals		54,133	56,958
		<u>67,458</u>	<u>72,606</u>
Non-current			
<i>Unsecured liabilities</i>			
Other creditors		30,843	46,264
Total trade and other payables		<u>98,300</u>	<u>118,870</u>

The average credit period on trade and other payables is one month.

Notes to the financial statements (continued)

		2025 \$	2024 \$
12. Provisions			
Current			
Annual leave		21,459	31,795
Long service leave		-	14,979
Dividend	23	34,000	34,000
		<u>55,459</u>	<u>80,774</u>
Non-current			
Long service leave		14,903	5,398
Make good provision		56,373	53,613
		<u>71,276</u>	<u>59,011</u>
Total provisions		<u>126,735</u>	<u>139,785</u>
13. Share capital			
680,000 Ordinary shares fully paid		680,000	680,000
		<u>680,000</u>	<u>680,000</u>
Movements in share capital			
Fully paid ordinary shares:			
At the beginning of the reporting period		680,000	680,000
Shares issued during the year		-	-
At the end of the reporting period		<u>680,000</u>	<u>680,000</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitors the return on capital and the level of dividends 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 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

Notes to the financial statements (continued)

	2025 \$	2024 \$
14. Cash flow information		
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	176,980	208,931
Non-cash flows in profit		
- Depreciation and amortisation	134,512	117,746
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	4,040	26,580
- (increase) / decrease in prepayments and other assets	7,238	(6,780)
- (Increase) / decrease in tax assets and liabilities	(20,908)	(131,207)
- Increase / (decrease) in trade and other payables	(20,569)	6,717
- Increase / (decrease) in provisions	(13,050)	14,279
Net cash flows from operating activities	<u>268,243</u>	<u>236,266</u>

15. Reserves

This reserve records the net undistributed profit from the year ending 30 June 2019 which is available for distribution at a later time.

	2025 \$	2024 \$
16. Earnings per share		
Basic earnings per share (cents)	26.03	30.73
Earnings used in calculating basic and diluted earnings per share	176,980	208,931
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	680,000	680,000

17. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2025 \$	2024 \$
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

17. Key management personnel and related party disclosures (continued)

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the Company. No Director fees have been paid as the positions are held on a voluntary basis.

The Fairy Meadow Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be trivial.

(d) Key management personnel shareholdings

No Directors or key management personnel held any ordinary shares in the Company during the current or comparative financial year.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

18. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

The financial report was authorised for issue on 24 September 2025 by the Board of Directors.

19. Contingent liabilities and contingent assets

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

20. Operating segments

The Company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being the Illawarra, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2024: 100%).

21. Commitments

Refer to note 26 for information on leases.

Notes to the financial statements (continued)

22. Company details

The registered office and principal place of business is 37-39 Princes Highway, Fairy Meadow NSW 2519.

23. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

A fully franked dividend of \$34,000 (5 cents per fully paid share) was declared on 23 September 2024 and paid on 2 December 2024 out of retained earnings at 30 June 2024. (2024: 10 cents per share).

A final fully franked ordinary dividend of \$34,000 (5 cents per fully paid share) is due to be paid on 8 December 2025 out of retained earnings at 30 June 2025.

	2025	2024
Franking account	\$	\$
The franking credits available for subsequent financial years at a tax rate of 25%.	236,003	156,654

The above available balance is based in the dividend franking account balance at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end.

Notes to the financial statements (continued)

24. Fair value measurements

The carrying amounts of assets and liabilities recorded in the financial statements represent their fair values, as determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Governance Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the Company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The Company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

	Note	2025 \$	2024 \$
Financial assets			
Cash and cash equivalents	5	342,896	110,297
Trade and other receivables	6	115,911	119,951
Financial assets	7	863,191	963,808
Total financial assets		<u>1,321,998</u>	<u>1,194,056</u>
Financial liabilities			
Trade and other payables	11	98,300	118,870
Lease Liabilities		360,571	443,480
Total financial liabilities		<u>458,871</u>	<u>562,350</u>

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

Notes to the financial statements (continued)

25. Financial risk management (continued)

The Company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The Company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the Company are past due (2024: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. the Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2025	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	1%	342,896	342,896	-	-
Trade and other receivables	0%	115,911	115,911	-	-
Financial assets	3%	863,191	863,191	-	-
Total anticipated inflows		1,321,998	1,321,998	-	-
Financial liabilities					
Trade and other payables	0%	98,300	67,458	30,843	-
Lease liabilities	0%	360,567	91,399	269,168	-
Total expected outflows		458,867	158,857	300,011	-
Net inflow / (outflow) on financial instruments		863,131	1,163,142	(300,011)	-

Notes to the financial statements (continued)

25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2024	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	1%	110,297	110,297	-	-
Trade and other receivables	0%	119,951	119,951	-	-
Financial assets	3%	963,808	963,808	-	-
Total anticipated inflows		<u>1,194,056</u>	<u>1,194,056</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and other payables	0%	118,870	72,606	46,264	-
Lease liabilities	0%	443,480	82,907	360,573	-
Total expected outflows		<u>562,350</u>	<u>155,513</u>	<u>406,837</u>	<u>-</u>
Net inflow / (outflow) on financial instruments		<u>631,706</u>	<u>1,038,542</u>	<u>(406,837)</u>	<u>-</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(c) Market risk (continued)

The financial instruments that primarily expose the Company to interest rate risk are fixed interest securities, cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Notes to the financial statements (continued)

25. Financial risk management (continued)

Sensitivity analysis (continued)

	Profit \$	Equity \$
Year ended 30 June 2025		
+/- 1% in interest rates (interest income)	12,061	12,061
	<u>12,061</u>	<u>12,061</u>
Year ended 30 June 2024		
+/- 1% in interest rates (interest income)	10,741	10,741
	<u>10,741</u>	<u>10,741</u>

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The Company has no exposure to fluctuations in foreign currency.

(d) Price risk

The Company is not exposed to any material price risk.

26. Leases

Company as a lessee

The Company has leases over its office premises. The Company has chosen not to apply AASB 16 to leases of intangible assets. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases:

The property premises lease is for 60 months, with CPI increases each year, with no option to extend. The agreement includes a make-good clause to restore the leased premise to its former condition upon lease termination.

	2025 \$	2024 \$
Year end 30 June 2025		
Balance at beginning of year	393,593	496,016
Adjustment to right-of-use assets	-	(13,598)
Amortisation charge	(87,466)	(88,825)
Balance at end of year	<u>306,127</u>	<u>393,593</u>

Notes to the financial statements (continued)

26. Leases (continued)

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2025	2024
	\$	\$
Depreciation expense	(87,466)	(90,185)
Adjustment to lease liability	-	(5,891)
Interest expense	(20,440)	(31,219)
	<u>(107,906)</u>	<u>(127,295)</u>

Statement of Cash Flows

Total cash outflow for leases	<u>103,352</u>	<u>101,660</u>
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Consolidated Entity Disclosure Statement

Fairy Meadow Community Financial Services Limited does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore Section 295(3A)(a) of the Corporations act 2001 does not apply to the entity.

Directors' declaration

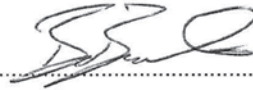
In accordance with a resolution of the Directors of Fairy Meadow Community Financial Services Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 33 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the Company's financial position as at 30 June 2025 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



.....
Anthony O'Connor
Director



.....
Bobbi Brodie
Director

Signed on 24 September 2025

Independent audit report



Independent Audit Report to the members of Fairy Meadow Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fairy Meadow Community Financial Services Limited ("the Company") which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2025 and of its financial performance for the year ended; 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* (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 opinion.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' report for the year ended 30 June 2025, 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 do not express any form of assurance conclusion thereon.

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Scheme approved under
Professional Standards
Legislation



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 on the other information obtained prior to the date of this auditor's report, 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 Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and 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 to 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

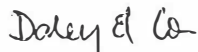
We have audited the Remuneration Report included on page 4 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Fairy Meadow Community Financial Services Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Independent audit report (continued)

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Daley & Co
Chartered Accountants



Michael Myndt
Partner

Wollongong
24 September 2025

Liability limited by a scheme approved under Professional Standards Legislation

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