Palerang Financial Services Limited

ABN 83 097 801 100

Financial Report - 30 June 2025

Palerang Financial Services Limited
Directors' report
30 June 2025

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2025.

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

Name:	Richard Elliott
Title:	Non-executive director
Experience and expertise:	Richard has a scientific background and has previously sat on the board of a Credit Union. Richard was the captain of the Majors Creek Rural Fire Service for 10 years. He is involved in several community organisations such as Braidwood National Theatre s355 Committee, Braidwood Film Club and the Historical Radio Society.
Special responsibilities:	Braidwood Community Funding Committee

Name:	Garry Edward Cook
Title:	Non-executive director
Experience and expertise:	Employed as an agricultural consultant and manager for 42 years including 19 years with the Indigenous Land Corporation (Commonwealth Statutory Authority). Member of Rotary Club of Bungendore, committee member of Bungendore Rugby Football Club and Bungendore Community Foundation. Committee member Bungendore Community Foundation. Bachelor of Science (Hons), Graduate of Australian Institute of Company Directors and Graduate of Australian Rural Leadership Programme.
Special responsibilities:	Chair, member of Finance & HR Committee, member of Bungendore Community Funding Committee & Member of Marketing & Communications Committee

Name:	Andrew Trevor Callan
Title:	Non-executive director
Experience and expertise:	BA Agriculture / BA Business (UNE). Certificate IV in Metalliferous Mining Operations (Underground). NSW Underground Mine Supervisor. Underground Miner. NSW Underground Shot Firer. Farmer and Grazier. Chairperson of Braidwood and District Education Foundation Committee.
Special responsibilities:	Governance and Risk Committee

Name:	Craig Hinder
Title:	Non-executive director
Experience and expertise:	Craig holds a Bachelor of Science (Aviation), Masters of Business and Technology, and is a Graduate of the Australian Institute of Company Directors. Commencing his working career as a commercial pilot, Craig has since held several positions across the Australian Public Service, currently employed as a director in the Department of Agriculture, Fisheries and Forestry. As a local beekeeper, Craig also runs a small beekeeping business, is a member of the Goulburn Beekeeping Club and mentors several beekeepers in the region.
Special responsibilities:	Bungendore Community Funding Committee

Name:	Alexandra Rofe
Title:	Non-executive director
Experience and expertise:	Alexandra has extensive experience working in the public sector, engaged in strategic, policy and operational roles, with both business & corporate governance knowledge. In her local community Alex has volunteered with Majors Creek Recreation Reserve, the Majors Creek ANZAC Committee and the Majors Creek Progress Association.
Special responsibilities:	Braidwood Community Funding Committee & Member of Marketing & Communications Committee

Name:	Diana Mary Izzard
Title:	Non-executive director (resigned 28 November 2024)
Experience and expertise:	Di runs a sheep and cattle farm in the area. She is closely involved with several community groups including the Braidwood Show Society and the Gundillion Hall and Recreation Trust. Di also has previous experience in administration and accounts working in the Australia Federal Public Service and in private enterprise.
Special responsibilities:	Finance & HR Committee

Name:	Shane Anthony Holness (resigned 7th August 2025)
Title:	Non-executive director
Experience and expertise:	Shane is a Project Management Consultant. AIMM;GAICD. Shane has operated a family business since 1999; former director in the APS; former member of the Royal Australian Navy. Other current directorships include being Director & Chair of Western Riverina Community Financial Services Pty Ltd.
Special responsibilities:	Governance & Risk Committee, Finance & HR Committee

Name:	Dale Josephine Towell (resigned 7th August 2025)
Title:	Non-executive director
Experience and expertise:	Dale has a degree in Business Management/Secretarial Studies (Economics Major). Dale has experience working in the Departments of Education, Defence, Regional Development and Infrastructure. Dale is also Secretary, Events Director and Magazine Editor for the Goulburn Motor Club. In addition, Dale is also a self-employed piano teacher and an Authorised Marriage Celebrant. Dale formerly held directorship in the Goulburn Grand Prix Association.
Special responsibilities:	Vice Chair responsibilities, Chair of Governance & Risk Committee, Member of Community Funding Committee

Company secretary
The Company secretary is Susanne Pluess. Susanne was appointed to the position of Company Secretary on 1 February 2024.

Experience and expertise:	Susi holds an engineering degree in Sustainable Traffic and Town Planning from Austria, with 10 years of experience working in the Planning Department of Zurich Public Transport. Following this, she has gained 8 years of valuable experience in various customer service, sales and bookkeeping roles in rural NSW, bringing a unique blend of economical expertise and customer-centric skills to her current position.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $130,844 (30 June 2024: $129,848).

Operations have continued to perform in line with expectations.

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

	2025 $	2024 $
Fully franked dividend of 7.5 cents per share (2024: 7.5 cents)	99,032	99,032

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

Matters subsequent to the end of the financial year
Subsequent to the reporting date, the Board was briefed on a strategic decision to close all agency locations, including the Crookwell agency, effective October 2025. This decision was made in response to recent legislative changes, heightened compliance obligations, and the financial unsustainability of the existing agency operating model. While the closure will result in the loss of physical agency presence in affected communities, customers will retain their accounts and continue to access banking services via Australia Post. A preliminary financial analysis presented to the Board indicated that, even with a potential reduction of up to 30% in the customer base, the company anticipates an overall increase in annual profitability due to the elimination of agency-related operating costs. In addition, a decision was made to transfer $700,000 into a term deposit to enhance short-term interest earnings and strengthen the organisation’s cash management strategy. The Board has prioritised support for impacted staff and customers, particularly those vulnerable or unfamiliar with digital banking. A targeted transition plan has been developed, including face-to-face assistance and community engagement initiatives. Additionally, the Board has appointed a dedicated contact for reputation and issues management to ensure consistent and coordinated communication. All information regarding the agency closures remains confidential until authorised for public release by Bendigo Bank (BEN). The Board will adhere to BEN’s guidance on the timing and content of any external communications to ensure alignment with broader strategic objectives.

No other matter or circumstance has arisen since 30 June 2025 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 and expected results of operations
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 (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board		Finance & HR		Governance & Risk		Marketing & Communications	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Garry Edward Cook	10	10	10	9	1	1	7	6
Rhyll Elizabeth Tozer	10	8	10	10	-	-	-	-
Dale Josephine Towell	10	8	-	-	3	3	-	-
Alexandra Rofe	10	8	-	-	1	-	7	7
Richard Elliott	10	10	-	-	-	-	-	-
Shane Anthony Holness	10	7	10	4	-	-	-	-
Andrew Trevor Callan	10	8	-	-	3	2	-	-
Craig Hinder	10	9	-	-	3	3	-	-
Diana Mary Izzard	5	5	2	1	1	-	-	-

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

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

	Balance at the start of the year	Changes	Balance at the end of the year
Garry Edward Cook	1,850	-	1,850
Rhyll Elizabeth Tozer	-	-	-
Dale Josephine Towell	-	-	-
Alexandra Rofe	-	-	-
Richard Elliott	9,500	-	9,500
Shane Anthony Holness	2,000	-	2,000
Andrew Trevor Callan	-	-	-
Craig Hinder	-	-	-
Diana Mary Izzard	7,500	-	7,500

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 2025 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 27 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.

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

On behalf of the directors

Garry Edward Cook
Chair

29 September 2025

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 Palerang Financial Services Limited

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated:29 September 2025

Jessica Ritchie
Lead Auditor

Palerang Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	2025 $	2024 $
Revenue from contracts with customers	6	3,551,007	3,766,448
Other revenue		11,861	28,964
Finance revenue		44,987	29,012
Fair value gains on financial assets		3,919	6,512
Total revenue		3,611,774	3,830,936
Employee benefits expense	7	(1,391,622)	(1,265,868)
Advertising and marketing costs		(61,284)	(65,452)
Occupancy and associated costs		(70,915)	(65,230)
System costs		(46,899)	(37,766)
Depreciation and amortisation expense	7	(106,320)	(108,547)
Finance costs		(7,152)	(3,471)
General administration expenses		(356,053)	(362,511)
Total expenses before community contributions		(2,040,245)	(1,908,845)
Profit before community contributions and income tax expense		1,571,529	1,922,091
Charitable donations, sponsorships and grants expense	7	(1,394,881)	(1,751,698)
Profit before income tax expense		176,648	170,393
Income tax expense	8	(45,804)	(40,545)
Profit after income tax expense for the year		130,844	129,848
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	629,601
Other comprehensive income for the year, net of tax		-	629,601
Total comprehensive income for the year		130,844	759,449
		Cents	**Cents**
Basic earnings per share	29	9.91	9.83
Diluted earnings per share	29	9.91	9.83

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

Palerang Financial Services Limited
Statement of financial position
As at 30 June 2025

	Note	2025 $	2024 $
Assets			
Current assets			
Cash and cash equivalents	9	1,329,459	479,905
Trade and other receivables	10	322,216	403,393
Investments	11	-	674,878
Current tax assets	8	-	19,590
Total current assets		1,651,675	1,577,766
Non-current assets			
Financial assets	14	174,876	162,640
Investment properties	15	17,808	24,318
Property, plant and equipment	12	2,189,095	2,220,168
Right-of-use assets	13	71,234	80,525
Intangible assets	16	23,050	48,425
Total non-current assets		2,476,063	2,536,076
Total assets		4,127,738	4,113,842
Liabilities			
Current liabilities			
Trade and other payables	17	152,339	173,282
Lease liabilities	18	22,800	22,135
Current tax liabilities	8	24,298	-
Employee benefits	19	155,527	172,779
Total current liabilities		354,964	368,196
Non-current liabilities			
Lease liabilities	18	70,801	84,534
Deferred tax liabilities	8	341,941	344,474
Employee benefits	19	27,365	15,783
Total non-current liabilities		440,107	444,791
Total liabilities		795,071	812,987
Net assets		3,332,667	3,300,855
Equity			
Issued capital	20	1,062,849	1,062,849
Revaluation reserve		1,052,751	1,052,751
Retained earnings		1,217,067	1,185,255
Total equity		3,332,667	3,300,855

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

Palerang Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2025

	Note	Issued capital $	Revaluation Reserve $	Retained earnings $	Total equity $
Balance at 1 July 2023		1,062,849	423,150	1,154,439	2,640,438
Profit after income tax expense		-	-	129,848	129,848
Other comprehensive income, net of tax		-	629,601	-	629,601
Total comprehensive income		-	629,601	129,848	759,449
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	22	-	-	(99,032)	(99,032)
Balance at 30 June 2024		1,062,849	1,052,751	1,185,255	3,300,855

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2024		1,062,849	1,052,751	1,185,255	3,300,855
Profit after income tax expense		-	-	130,844	130,844
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	22	-	-	(99,032)	(99,032)
Balance at 30 June 2025		1,062,849	1,052,751	1,217,067	3,332,667

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

Palerang Financial Services Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,962,498	4,127,959
Payments to suppliers and employees and for community contributions (inclusive of GST)		(3,677,562)	(3,733,579)
Interest received		47,511	26,488
Income taxes refunded/(paid)		(4,448)	3,644
Net cash provided by operating activities	28	327,999	424,512
Cash flows from investing activities			
Redemption of/(investment in) term deposits		674,878	(674,878)
Payments for property, plant and equipment	12	(31,183)	(4,214)
Proceeds from disposal of property, plant and equipment		-	13,636
Net cash provided by/(used in) investing activities		643,695	(665,456)
Cash flows from financing activities			
Interest and other finance costs paid		(7,152)	(3,471)
Dividends paid	22	(99,032)	(99,032)
Repayment of lease liabilities		(15,956)	(18,170)
Net cash used in financing activities		(122,140)	(120,673)
Net increase/(decrease) in cash and cash equivalents		849,554	(361,617)
Cash and cash equivalents at the beginning of the financial year		479,905	841,522
Cash and cash equivalents at the end of the financial year	9	1,329,459	479,905

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

Note 1. Reporting entity

The financial statements cover Palerang Financial Services 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 Unit 1, 19 Park Lane, Braidwood NSW.

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

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 29 September 2025. 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 of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The company has assessed and concluded there are no material impacts.

Accounting standards issued but not yet effective
Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2025. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. 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.

Note 3. Material accounting policy information (continued)

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 in order to determine the extent of any impairment loss.

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

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.

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.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

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

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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 a number of 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.

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.

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

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

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

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

Note 5. Economic dependency

The company is economically dependent on its franchise agreement with Bendigo Bank to generate revenue. The current agreement operates for three five years terms, with the company being in the second term which expires in June 2026. The directors intend to exercise the option to renew the franchise agreement for a 5 year term commencing June 2026.

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2025 $	2024 $
Margin income	3,352,068	3,538,549
Fee income	107,889	136,799
Commission income	91,050	91,100
	3,551,007	3,766,448

Note 6. 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:

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

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

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

Margin income
Margin income 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.

Note 6. 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 7. Expenses

Employee benefits expense

	2025 $	2024 $
Wages and salaries	1,180,876	1,064,282
Non-cash benefits	12,900	11,840
Superannuation contributions	141,626	123,203
Expenses related to long service leave	(8,996)	2,981
Other expenses	65,216	63,562
	1,391,622	1,265,868

Depreciation and amortisation expense

	2025 $	2024 $
Depreciation of non-current assets		
Buildings	35,863	24,663
Plant and equipment	11,783	11,890
Motor vehicles	14,610	15,490
	62,256	52,043
Depreciation of right-of-use assets		
Leased land and buildings	11,602	14,752
Leased investment property	7,087	3,688
	18,689	18,440
Amortisation of intangible assets		
Franchise fee	25,375	38,064
	106,320	108,547

Charitable donations, sponsorships and grants expense

	2025 $	2024 $
Direct donation, sponsorship and grant payments	394,881	351,698
Contribution to the Community Enterprise Foundation™	1,000,000	1,400,000
	1,394,881	1,751,698

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 7. Expenses (continued)

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 8. Income tax

	2025 $	2024 $
Income tax expense		
Current tax	48,337	49,858
Movement in deferred tax	(2,533)	203,047
Under/over provision in respect to prior years	-	(2,480)
Property, plant and equipment at FVTOCI	-	(209,880)
Aggregate income tax expense	45,804	40,545
Prima facie income tax reconciliation		
Profit before income tax expense	176,648	170,393
Tax at the statutory tax rate of 25%	44,162	42,598
Tax effect of:		
Non-deductible expenses	1,642	427
	45,804	43,025
Under/over provision in respect to prior years	-	(2,480)
Income tax expense	45,804	40,545

	2025 $	2024 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	386,486	389,992
Financial assets at fair value through profit or loss	2,929	1,949
Right-of-use assets	22,261	26,211
Income accruals	-	631
Lease liabilities	(23,400)	(26,667)
Employee provisions	(46,335)	(47,642)
Deferred tax liability	341,941	344,474

	2025 $	2024 $
Income tax refund due	-	19,590

	2025 $	2024 $
Provision for income tax	24,298	-

Note 8. Income tax (continued)

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 9. Cash and cash equivalents

	2025 $	2024 $
Cash at bank and on hand	1,329,459	479,905

Note 10. Trade and other receivables

	2025 $	2024 $
Trade receivables	279,328	331,497
Other receivables	33,308	57,368
Accrued income	-	2,524
Prepayments	9,580	12,004
	42,888	71,896
	322,216	403,393

	2025 $	2024 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	322,216	403,393
Less GST refundable from the ATO, included in trade and other receivables	(27,228)	(96,167)
Less prepayments	(9,580)	(12,004)
	285,408	295,222

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 11. Investments

	2025 $	2024 $
Current assets		
Term deposits	-	674,878

Note 12. Property, plant and equipment

	2025 $	2024 $
Land - at fair value	692,200	692,200
Buildings - at fair value	1,510,385	1,499,016
Less: Accumulated depreciation	(132,465)	(96,602)
	1,377,920	1,402,414
Plant and equipment - at cost	340,595	320,781
Less: Accumulated depreciation	(250,798)	(239,015)
	89,797	81,766
Motor vehicles - at cost	81,283	81,283
Less: Accumulated depreciation	(52,105)	(37,495)
	29,178	43,788
	2,189,095	2,220,168

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

	Land $	Buildings $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2023	418,105	861,704	89,442	59,278	1,428,529
Additions	-	-	4,214	-	4,214
Revaluation increments	274,095	565,373	-	-	839,468
Depreciation	-	(24,663)	(11,890)	(15,490)	(52,043)
Balance at 30 June 2024	692,200	1,402,414	81,766	43,788	2,220,168
Additions	-	11,369	19,814	-	31,183
Depreciation	-	(35,863)	(11,783)	(14,610)	(62,256)
Balance at 30 June 2025	692,200	1,377,920	89,797	29,178	2,189,095

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

The company's Braidwood and Bungendore properties were independently valued effective 11 October 2023 by Opteon.

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.

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

Land and buildings	6 to 80 years
Plant and equipment	5 to 40 years
Motor vehicles	4 years

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

Note 12. Property, plant and equipment (continued)

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 13. Right-of-use assets

	2025 $	2024 $
Land and buildings - right-of-use	151,713	149,402
Less: Accumulated depreciation	(80,479)	(68,877)
	71,234	80,525

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

	Land and buildings $
Balance at 1 July 2023	10,056
Remeasurement adjustments	85,221
Depreciation expense	(14,752)
Balance at 30 June 2024	80,525
Remeasurement adjustments	2,311
Depreciation expense	(11,602)
Balance at 30 June 2025	71,234

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 18 for more information on lease arrangements.

Note 14. Financial assets

	2025 $	2024 $
Equity securities - at FVTPL	174,876	162,640

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

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

Note 15. Investment properties

	2025 $	2024 $
Investment property - sublease - at cost	37,928	37,351
Less: Accumulated depreciation	(20,120)	(13,033)
	17,808	24,318

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with AASB16 before separately identifying the sublease portion under *AASB 140: Investment Property*. The investment property is initially measured at cost under *AASB 16: Leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: Investment Property.*

Note 16. Intangible assets

	2025 $	2024 $
Franchise fee	328,359	328,359
Less: Accumulated amortisation	(305,309)	(279,934)
	23,050	48,425

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

	Franchise fee $
Balance at 1 July 2023	86,489
Amortisation expense	(38,064)
Balance at 30 June 2024	48,425
Amortisation expense	(25,375)
Balance at 30 June 2025	23,050

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2026

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

Note 17. Trade and other payables

	2025 $	2024 $
Current liabilities		
Trade payables	6,575	93,507
Other payables and accruals	145,764	79,775
	152,339	173,282

Note 18. Lease liabilities

	2025 $	2024 $
Current liabilities		
Land and buildings lease liabilities	22,800	22,135
Non-current liabilities		
Land and buildings lease liabilities	70,801	84,534

Reconciliation of lease liabilities

	2025 $	2024 $
Opening balance	106,669	13,735
Additional lease liabilities recognised	-	111,039
Remeasurement adjustments	2,888	65
Lease interest expense	7,152	3,471
Lease payments - total cash outflow	(23,108)	(21,641)
	93,601	106,669

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Park Lane Lease	7.50%	2 years	2 x 2 years	Yes	February 2030

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.

Note 19. Employee benefits

	2025 $	2024 $
Current liabilities		
Annual leave	73,830	70,504
Long service leave	81,697	102,275
	155,527	172,779
Non-current liabilities		
Long service leave	27,365	15,783

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 20. Issued capital

	2025 Shares	2024 Shares	2025 $	2024 $
Ordinary shares - fully paid	1,062,849	1,062,849	1,062,849	1,062,849
Bonus shares - fully paid (2:1)	257,570	257,570	-	-
	1,320,419	1,320,419	1,062,849	1,062,849

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

Rights attached to issued capital

Ordinary shares
<u>Voting rights</u>
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.

Note 20. Issued capital (continued)

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.

Note 21. Capital management

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

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

Note 21. Capital management (continued)

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 22. Dividends

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

	2025 $	2024 $
Fully franked dividend of 7.5 cents per share (2024: 7.5 cents)	99,032	99,032

Franking credits

	2025 $	2024 $
Franking account balance at the beginning of the financial year	609,431	646,086
Franking credits (debits) arising from income taxes paid (refunded)	4,448	(3,644)
Franking debits from the payment of franked distributions	(33,011)	(33,011)
	580,868	609,431
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	580,868	609,431
Franking credits (debits) that will arise from payment (refund) of income tax	24,298	(19,590)
Franking credits available for future reporting periods	605,166	589,841

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 23. 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.

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:

Note 23. Financial risk management (continued)

- 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 A- 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.

	2025 $	2024 $
Financial assets		
Trade and other receivables (note 10)	285,408	295,222
Cash and cash equivalents (note 9)	1,329,459	479,905
Financial assets (note 14)	174,876	162,640
Investments (note 11)	-	674,878
	1,789,743	1,612,645
Financial liabilities		
Trade and other payables (note 17)	152,339	173,282
Lease liabilities (note 18)	93,601	106,669
	245,940	279,951

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

Accounting policy for financial instruments

Financial assets

Classification
The company measures its financial assets into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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.

The company’s financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

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.

Note 23. Financial risk management (continued)

Financial liabilities

Classification
The company measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised cost comprise trade and other payables and lease liabilities.

Derecognition
A financial liability is derecognised when 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 $1,329,459 and term deposits of nil at 30 June 2025 (2024: $479,905 and $674,878).

Price risk
The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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

2025	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	17,487	13,115	(10%)	(17,487)	(13,115)

2024	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	16,264	12,198	(10%)	(16,264)	(12,198)

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.

Note 23. Financial risk management (continued)

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

2025	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	152,339	-	-	152,339
Lease liabilities	23,566	86,409	-	109,975
Total non-derivatives	175,905	86,409	-	262,314

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	173,282	-	-	173,282
Lease liabilities	22,880	91,519	15,253	129,652
Total non-derivatives	196,162	91,519	15,253	302,934

Note 24. Fair value measurement

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

2025	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	174,876	-	-	174,876
Land and buildings	-	2,055,000	-	2,055,000
Total assets	174,876	2,055,000	-	2,229,876

2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	162,640	-	-	162,640
Land and buildings	-	2,055,000	-	2,055,000
Total assets	162,640	2,055,000	-	2,217,640

There were no transfers between levels during the financial year.

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

Note 24. Fair value measurement (continued)

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

Note 25. Key management personnel disclosures

The following persons were directors of Palerang Financial Services Limited during the financial year and/or up to the date of signing of these financial statements.

Garry Edward Cook
Rhyll Elizabeth Tozer
Dale Josephine Towell
Diana Mary Izzard
Alexandra Rofe
Richard Elliott
Shane Anthony Holness
Andrew Trevor Callan
Craig Hinder

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

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

Note 26. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 25.

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:

	2025 $	2024 $
The company provided sponsorships to community groups where company directors are also committee members.	-	64,364
Majors Creek Recreation Reserve - CEF Grant - Renovation of Hall Verandah	22,500	-
Braidwood Show Society Inc	12,000	-
Gundillion Recreational Reserve	100	-
Braidwood Polocrosse	5,000	-
Braidwood National Theatre; Replacement Unflued Gas Heater	7,500	-
PFSL granted $15,000 to Braidwood and District Education Foundation.	15,000	-
Rotary Club of Bungendore sponsorships	5,240	-
Bungendore Rugby Union Football Club	4,564	-
Bungendore Chamber of Commerce & Industry - Business Forum	1,500	-
Braidwood Life Centre - Christmas Hampers	4,925	-
Save the Bungendore Preschool	1,000,000	-
Bungendore Bowling & Sports Club	37,500	-

Note 27. 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:

	2025 $	2024 $
Audit services		
Audit or review of the financial statements	9,030	7,650
Other services		
Taxation advice and tax compliance services	265	700
General advisory services	3,340	4,613
	3,605	5,313
	12,635	12,963

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 $	2024 $
Profit after income tax expense for the year	130,844	129,848
Adjustments for:		
Depreciation and amortisation	106,319	108,547
Increase in fair value of equity instruments designated at FVTPL	(3,919)	(6,512)
Net gain on disposal of non-current assets	-	(13,636)
Income reinvested in financial assets	(12,235)	(11,572)
Lease liabilities interest	7,152	3,471
Change in operating assets and liabilities:		
Decrease in trade and other receivables	81,177	74,591
Decrease in income tax refund due	19,590	51,116
Increase/(decrease) in trade and other payables	(17,024)	92,851
Increase in provision for income tax	24,298	-
Decrease in deferred tax liabilities	(2,533)	(6,833)
Increase/(decrease) in employee benefits	(5,670)	2,641
Net cash provided by operating activities	327,999	424,512

Note 29. Earnings per share

	2025 $	2024 $
Profit after income tax	130,844	129,848
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,320,419	1,320,419
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,320,419	1,320,419

Note 29. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	9.91	9.83
Diluted earnings per share	9.91	9.83

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

Subsequent to the reporting date, the Board was briefed on a strategic decision to close all agency locations, including the Crookwell agency, effective October 2025. This decision was made in response to recent legislative changes, heightened compliance obligations, and the financial unsustainability of the existing agency operating model. While the closure will result in the loss of physical agency presence in affected communities, customers will retain their accounts and continue to access banking services via Australia Post. A preliminary financial analysis presented to the Board indicated that, even with a potential reduction of up to 30% in the customer base, the company anticipates an overall increase in annual profitability due to the elimination of agency-related operating costs. In addition, a decision was made to transfer $700,000 into a term deposit to enhance short-term interest earnings and strengthen the organisation’s cash management strategy. The Board has prioritised support for impacted staff and customers, particularly those vulnerable or unfamiliar with digital banking. A targeted transition plan has been developed, including face-to-face assistance and community engagement initiatives. Additionally, the Board has appointed a dedicated contact for reputation and issues management to ensure consistent and coordinated communication. All information regarding the agency closures remains confidential until authorised for public release by Bendigo Bank (BEN). The Board will adhere to BEN’s guidance on the timing and content of any external communications to ensure alignment with broader strategic objectives.

No other matter or circumstance has arisen since 30 June 2025 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.

Palerang Financial Services Limited
Directors' declaration
30 June 2025

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 2025 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

____
Garry Edward Cook
Chair

29 September 2025

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 Palerang Financial Services Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Palerang Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

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

- Statement of financial position as at 30 June 2025
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including material accounting policies, and the
- Directors' declaration.

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

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 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 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.

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

Independence

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.

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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated:29 September 2025

Jessica Ritchie
Lead Auditor