

# Palerang Financial Services Limited

ABN 83 097 801 100

Half-year Financial Report - 31 December 2023

**Palerang Financial Services Limited**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2023.

**Directors**

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

Garry Edward Cook  
Rhyll Elizabeth Tozer  
Dale Josephine Towell  
Diana Mary Izzard  
Alexandra Rofe

Richard Elliot  
Shane Anthony Holness  
Andrew Trevor Callan  
Craig Hinder

**Principal activity**

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

**Review of operations**

The profit for the company after providing for income tax amounted to \$676,070 (31 December 2022: \$728,063).

The Reserve bank of Australia (RBA) increased the cash rate by 2.25% during the previous period from 0.85% to 3.10% at 31 December 2022. Since then the cash rate has increased by 1.25% to 4.35% as at 31 December 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

While the cash rate has increased, from 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has impacted the income earned on these products.

**Significant changes in the state of affairs**

As at 11 October 2023 the land and buildings held by the company were valued by independent valuers. The fair value of the land and buildings, based on an active market, was determined to be \$2,325,000. This resulted in a gain on revaluation totalling \$629,601 being recognised during the six months ended 31 December 2023.

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

**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Garry Edward Cook  
Chair

7 March 2024



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

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

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2023 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- ii. any applicable code of professional conduct in relation to the review.

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 7 March 2024

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

**Jessica Ritchie**  
Lead Auditor

**Palerang Financial Services Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

	Note	31-Dec-23 \$	31-Dec-22 \$
Revenue from contracts with customers	2	1,869,523	1,954,872
Other revenue		16,704	9,800
Finance revenue		5,366	2,109
Fair value gain on financial assets		8,545	8,459
Total revenue		<u>1,900,138</u>	<u>1,975,240</u>
Employee benefits expense		(619,557)	(642,635)
Advertising and marketing costs		(30,539)	(29,455)
Occupancy and associated costs		(32,713)	(41,704)
Systems costs		(17,771)	(17,304)
Depreciation and amortisation expense		(31,137)	(40,952)
Finance costs		(207)	(735)
General administration expenses		(170,930)	(162,716)
Total expense before community contributions and income tax		<u>(902,854)</u>	<u>(935,501)</u>
<b>Profit before community contributions and income tax expense</b>		997,284	1,039,739
Charitable donations, sponsorships and grants expense		<u>(99,039)</u>	<u>(68,988)</u>
<b>Profit before income tax expense</b>		898,245	970,751
Income tax expense		<u>(222,175)</u>	<u>(242,688)</u>
<b>Profit after income tax expense for the half-year</b>		676,070	728,063
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		<u>629,601</u>	<u>-</u>
Other comprehensive income for the half-year, net of tax		<u>629,601</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u><u>1,305,671</u></u>	<u><u>728,063</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		51.20	55.14
Diluted earnings per share		51.20	55.14

*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 31 December 2023**

	Note	31-Dec-23 \$	30-Jun-23 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,802,929	841,522
Trade and other receivables		357,264	477,984
Current tax assets		-	70,706
Total current assets		<u>2,160,193</u>	<u>1,390,212</u>
<b>Non-current assets</b>			
Financial assets		154,186	144,557
Investment properties		602	2,081
Property, plant and equipment		2,248,203	1,428,529
Right-of-use assets		2,409	10,056
Intangibles		86,489	86,489
Total non-current assets		<u>2,491,889</u>	<u>1,671,712</u>
<b>Total assets</b>		<u>4,652,082</u>	<u>3,061,924</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		154,991	80,390
Lease liabilities		3,496	13,735
Current tax liabilities		100,237	-
Employee benefits		185,948	172,698
Total current liabilities		<u>444,672</u>	<u>266,823</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		352,227	141,440
Employee benefits		8,106	13,223
Total non-current liabilities		<u>360,333</u>	<u>154,663</u>
<b>Total liabilities</b>		<u>805,005</u>	<u>421,486</u>
<b>Net assets</b>		<u>3,847,077</u>	<u>2,640,438</u>
<b>Equity</b>			
Issued capital		1,062,849	1,062,849
Revaluation Reserve	3	1,052,751	423,150
Retained earnings		<u>1,731,477</u>	<u>1,154,439</u>
<b>Total equity</b>		<u>3,847,077</u>	<u>2,640,438</u>

*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 half-year ended 31 December 2023**

	Note	Issued capital \$	Reserves \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2022</b>		<u>1,062,849</u>	<u>423,150</u>	<u>1,080,078</u>	<u>2,566,077</u>
Profit after income tax expense		-	-	728,063	728,063
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		<u>-</u>	<u>-</u>	<u>728,063</u>	<u>728,063</u>
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	4	<u>-</u>	<u>-</u>	<u>(99,032)</u>	<u>(99,032)</u>
<b>Balance at 31 December 2022</b>		<u><u>1,062,849</u></u>	<u><u>423,150</u></u>	<u><u>1,709,109</u></u>	<u><u>3,195,108</u></u>
<b>Balance at 1 July 2023</b>		<u>1,062,849</u>	<u>423,150</u>	<u>1,154,439</u>	<u>2,640,438</u>
Profit after income tax expense		-	-	676,070	676,070
Other comprehensive income, net of tax		-	629,601	-	629,601
Total comprehensive income		<u>-</u>	<u>629,601</u>	<u>676,070</u>	<u>1,305,671</u>
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	4	<u>-</u>	<u>-</u>	<u>(99,032)</u>	<u>(99,032)</u>
<b>Balance at 31 December 2023</b>		<u><u>1,062,849</u></u>	<u><u>1,052,751</u></u>	<u><u>1,731,477</u></u>	<u><u>3,847,077</u></u>

*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 half-year ended 31 December 2023**

	<b>Note</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,104,852	2,054,014
Payments to suppliers and employees and for community contributions (inclusive of GST)		(1,000,547)	(1,134,224)
Interest received		5,366	2,109
Income taxes paid		(50,312)	(43,071)
Net cash from operating activities		<u>1,059,359</u>	<u>878,828</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,110)	(37,971)
Proceeds from disposal of property, plant and equipment		13,636	-
Net cash from/(used in) investing activities		<u>11,526</u>	<u>(37,971)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	4	(99,032)	(99,032)
Repayment of lease liabilities		(10,446)	(9,750)
Net cash used in financing activities		<u>(109,478)</u>	<u>(108,782)</u>
Net increase in cash and cash equivalents		961,407	732,075
Cash and cash equivalents at the beginning of the financial half-year		<u>841,522</u>	<u>1,137,951</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,802,929</u></u>	<u><u>1,870,026</u></u>

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

**Palerang Financial Services Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 1. Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all of the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**Note 2. Revenue from contracts with customers**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	\$	\$
Margin income	1,756,230	1,819,358
Fee income	64,679	73,854
Commission income	48,614	61,660
	<u>1,869,523</u>	<u>1,954,872</u>
Revenue from contracts with customers	<u>1,869,523</u>	<u>1,954,872</u>

*Disaggregation of revenue*

All revenue from contracts with customers has been recognised at a point in time during the half-year.

**Note 3. Revaluation Reserve**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	\$	\$
Revaluation reserve	<u>1,052,751</u>	<u>423,150</u>

*Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

As at 11 October 2023 the land and buildings held by the company were valued by independent valuers. The fair value of the land and buildings, based on an active market, was determined to be \$2,325,000. This resulted in a gain on revaluation totalling \$629,601 being recognised during the six months ended 31 December 2023.

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

	Revaluation reserve	Total
	\$	\$
Balance at 1 July 2023	423,150	423,150
Revaluation - gross	805,000	805,000
Deferred tax	(209,867)	(209,867)
Accumulated depreciation write-back	34,468	34,468
	<u>1,052,751</u>	<u>1,052,751</u>
Balance at 31 December 2023	<u>1,052,751</u>	<u>1,052,751</u>



**Palerang Financial Services Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 4. Dividends**

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

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	\$	\$
Fully franked dividend of 7.5 cents per share (31-Dec-22: 7.5 cents)	<u>99,032</u>	<u>99,032</u>

The tax rate at which dividends have been franked is 25%.

**Note 5. Contingent assets and liabilities**

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

**Note 6. Related party transactions**

There were no transactions with related parties during the current and previous financial half-year.

**Note 7. Events after the reporting date**

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Palerang Financial Services Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Garry Edward Cook  
Chair

7 March 2024



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
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(03) 5443 0344

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

## Report on the half-year financial report

### Conclusion

We have reviewed the half-year financial report of Palerang Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Palerang Financial Services Limited does not present fairly, in all material respects, the company's financial position at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Responsibility of the directors for the financial report

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

## Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo VIC 3550  
Dated: 7 March 2024



**Jessica Ritchie**  
Lead Auditor