2022

Annual report.

NorCen Financial Services Limited

ABN 32 119 493 113

David Wheeler
Chairperson

Kathleen Holland
Deputy Chairperson

Sheree Tivendale
Treasurer

Susan Marstaeller
Company Secretary
& Director

Walter Mott
Director

Ortensio Caroli
Director

Benjamin Gregory
Director

David Atkinson
Director

Shelley McLean
Senior Group
Manager

Lee Day
Community
Engagement &
Marketing Officer

Laura Moran
Lending Manager

Jackie Ginefra
Wallan Branch
Operations Manager

Kirsty Galea
Kilmore Branch
Manager

Casey Smith
Kilmore Branch
Operations Manager

Rajani Panicker
Customer
RelationshipManager

Andrew Gough
Relationship
Consultant

Carmel Borg
Customer Service
Officer

Suellyn Jansen
Customer Service
Officer

Courtney Malesevich
Customer
RelationshipManager

Andrea Lever
Customer Service
Officer

Rochelle Geary
Customer
RelationshipManager

Ebony Chisholm
Relationship
Consultant

Natalie White
Senior Cutomer
RelationshipManager

Michael O'Gorman
Senior Customer
RelationshipManager

Tyeisha Lupson
Customer
RelationshipManager

Alexandra Leggo
Customer Service
Officer

Leanne Paice
Customer
RelationshipManager

Samuel Wood
Customer Service
Officer

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Chairperson's report.

For year ending 30th June 2022.

2022 has been another successful year for our community Company. Our banking business continued to grow as did the income generated. During the year we had another reorganisation of our banking staff that now appears to be working well. In May 2022 we welcomed the return of Shelley MacLean as Senior Banking Manager and General Manager of our whole operation.

Some may remember Shelley starting as a teller at Wallan branch over 10 years ago and progressed to Branch Manager at Kilmore, then continued her career as regional manager for a metro area of the Bendigo Bank itself. We welcome Shelley back with open arms. We have now separated our lending, from our transactional operation. We have appointed Casey Smith as Operations Manager Kilmore/Broadford and Jackie Ginefra as Operations Manager Wallan. Our long-time lender Laura Moran is now Lending Manager for the whole group, with Shelley supervising over the top. This structure has now bedded down and we are hearing good reports from staff and customers on improvements to service levels in all aspects of our business.

This changed structure, has been supported by Bendigo Bank and we want to thank our regional team headed by Leanne Martin as Regional Manager. In so much of what we do, the banks input is both required and welcome.

Our business size grew by $38million to $582million in business on the books, while our banking income grew marginally from $3.728m to $3.751m as a result. Banking margins continued to be very low for most of the financial year, but the RBA raised rates by 0.75% in May/June 2022, which started an uptick in our banking earnings. October 2022 was the 6th consecutive month of interest rate increases, and the trend of income growth has continued since the start of the current financial year.

In April 2022, we revalued our Wallan property and are pleased to report the valuation increased from $5.45m to $6.75m this $1.3m increase has been added to our revaluation reserve.

As a result, our Pre-tax profit for year ended 30th June 2022 was a new record of $2, 036,802. $593,994 from banking and $1,442,808 from property rents and revaluation.

We have announced a final dividend of 2 cents per share to be paid on 21st October 2022. This dividend will be fully franked and when added to the interim dividend of 2 cents paid in April 2022, brings total dividend to 4 cents per share for the full year. We intend to continue paying 6 monthly dividends in future.

During the year we also re-roofed our building in Broadford at a cost of almost $40,000 and have just accepted a quote to replace the upstairs windows to further add to the amenity of the building. We have also recently obtained Council permits to replace all signage at all 3 branches with internally illuminated replacements so our branches will be more prominent in their locations.

During the year we lost the services of a number of staff, notably Simon Halman and Carol Ryan. Simon decided that he wanted a change from his role as Senior Manager, and Carol our Wallan Branch Manager decided to join Rural Bank a subsidiary of Bendigo Bank. We wish all our past employees every success in their new endeavours.

The Board had only 2 changes this year, unfortunately we lost Lee Partridge who was only elected at our last AGM, and we have added David Atkinson. David is a CPA Accountant, a past Mitchell-Shire councillor. David is a high-quality appointment, with considerable management skills, as well as highly tuned community awareness. We thank Lee for her service and wish her all the best for her future. David will stand for ratification at the AGM in November 2022.

Our financial plan continues as before, during 2022 we have reduced our property debt from $2.720m to $2,160m while paying in full for our Broadford purchase. As at time of writing our Wallan debt is $1.9m. We are repaying our property loan at over $700,000pa so we anticipate being debt free during the 2024/25 financial year. With the increase in banking margin now being apparent we may even be able to shorten this period.

We have a strategy day planned for February 2023, where we intend to put in place a plan to take our business beyond being in debt. We look forward to having the ability to increase our community dividends substantially once debt free status is achieved.

We have continued to provide financial support to our community. Community Grants totalled $281k for year ended 30th June 2022. This includes only $40k of a $100k commitment to the Trustees of the Kilmore Racecourse and Recreation Reserve Kilmore Reserve Walking Track which was announced late in the year. The $60k balance will be paid this financial year.

We have a grants night and community forum scheduled for November 2022, where we are seeking feedback from current recipients as well as plans and requests from the whole community on where we should put emphasis in our future philanthropy.

Any Shareholder wishing to attend, please contact Company Secretary Sue Marstaeller on 0438871520 to organise an invitation.

In last years annual report I advised that we had not had a single Covid infection up to the time of writing. This has changed markedly for our staff and Directors, this year almost everyone has been infected, some more than once, I can report that we have not had any staff or Director suffer too badly as a result. Long Covid is now a thing in our community, we have not had anyone report suffering from it to date.

Our governments now tell us that the pandemic is over, or at least we must exercise our own common sense. There are no longer any restrictions on gathering or movement within our society.

As a business we have done our best to support our staff and our community in this time of increased need, I want to thank everyone in the NorCen family for working together in a positive way to lessen the consequences of the pandemic for all our stakeholders.

Our HR Sub-committee headed by Ortensio Caroli and including Sue Marstaeller and Sheree Tivendale deserves special mention. They have steered our HR policies in an understanding and supportive way through the uncharted waters of a global pandemic. Even with the benefit of hindsight, I cannot think of a single major decision that they got wrong, over the pandemic period.

In December last year we also lost the services of our Administration staff. Secretary Sally Chadwick and Marketing Executive Kate Boulton, both moved on to other employers in different roles. We wish them every success also. Sue Marstaeller volunteered to take on the Secretary role, which is very important in a Public Company. We now have a Director/Secretary rather than an employee doing this role. We have hired Lee Day an ex-Director as marketing/sponsorship executive. Lee was a Director until 5 years ago and left due to starting her family. Now with kids at school, she has the time and more importantly the skills to fulfill this role admirably.

It is no secret that staff turnover is a problem for many businesses currently. We have experienced greater turnover last year than in any of the previous 14 years. Our staff however have always had customer benefit as their primary goal, this is a result of who we hire and how they are trained.

We are a high-quality employer, we pay well, we train well and we support our staff to the best of our ability.

In closing I want to thank everyone who has interacted with our business during 2021/22. We have all experienced a huge challenge together. No matter if you hold a pensioner deposit account, or owe millions in finance, all our customers have contributed to our excellent result.

We look forward to continued success with your support in the future.

Kind Regards

David Wheeler
Chairperson.

Treasurer's report.

For year ending 30th June 2022.

On behalf of the Board of NorCen Financial Services, I am delighted to present to you our position for the financial year to 30 June 2022. NorCen Financial Services has had a very successful year of business operations, despite a year of many external challenges as detailed by our Chairman.

Our business has grown and we have continued to be able to provide customer focused banking solutions to our customers and grants that support our local community in a variety of ways.

There is nothing that I enjoy more as the Treasurer of this company than being able to make community projects come to life, to support sporting clubs dreams and to see just how wonderful community banking is in action.

I would also like to express my thanks to our Board of Directors, it is a pleasure to work alongside each of them and their dedication means our planning continues to deliver great things for our shareholders, our wonderful staff and the community we serve.

Our Net Trading Result was $1,160,369 for the year. After spending $281,146 on community investments and allowing $234,882 for company tax the Net Profit after Tax is $644,341. From this we have been able to pay a final dividend of $0.02cents per share fully franked on 21st October 2022.

We hope that with the continued support of shareholders and our loyal customers we will continue to see positive growth for our business.

I look forward to a successful financial year and reporting to you again next year.

Sheree Tivendale
Treasurer

VALE
Bruce Nicholls

01.08.1948 - 16.10.2022

It is with great sadness that we say farewell to our former Director Bruce Nicholls.

Bruce held the role of Deputy Chairman and was a Director of NorCen Financial Services from 2012 (TBC) - 2019.

Bruce was dedicated and passionate about the benefits of community banking and he led many strategic projects for us.

Bruce contributed much of his time and always had strong values. We are grateful for all the ideas that Bruce provided to our Board, our Company and to our Community.

We remember the many happy times spent with Bruce and we will raise our glasses with good cheer to a wonderful man who gave so much.

Senior Manager's report.

Bendigo Bank

For year ending 30th June 2022.

How great is it back working in such a successful Community Bank Company, NorCen Financial Services Ltd? A company that continues to provide significant support to our community as well as delivering quality banking services to our customers.

After a successful four and a half years in various roles with Bendigo Bank in diverse areas such as Geelong, The Bellarine, Yarra Ranges and Central Melbourne, it is great to be able to bring new skills and sound business strategies to NorCen Financial Services Ltd to take it into the future.

Arriving in May, I identified a need to adjust our branch operating structure. This was based on staff movement, level of experience across the team and the fast-changing face of Retail Banking. A decision was made with full support of the board, Bendigo Bank and staff to separate the management of our business into Operations and Lending. It gave us the opportunity to appoint new managers to oversee these areas from existing NorCen staff and is proving very effective. Long-time Wallan staff member Jackie Ginefra has been promoted to Branch Operations Manager at Wallan, Casey Smith, Branch Operations Manager overseeing Kilmore and Broadford and the return of Laura Moran from Mobile Relationship Management to Lending Manager for the overall group. These appointments best use their skills and provides leadership and coaching in all areas of our business moving forward. We were also lucky to secure previous director Lee Day to our team bringing her extensive experience in Marketing and Community Engagement.

Continuous pandemic challenges and low margins have been a common issue and challenges our business has dealt with over recent times yet NorCen Financial Services Ltd has had a very positive end to the Financial Year. New leadership and less illness have provided better engagement and commitment from staff. The RBA rate increases have seen significant improvement in margin income over the late stages of the Financial Year and is a trend that will continue in our current climate.

With continuous rate rises providing improved banking income brings both challenges and new opportunities. Customer affordability, very competitive rates in both lending and deposits is a huge focus. We will be working hard to keep regular contact with our customers through various channels and targeted campaigns. With the pandemic impacting us less we will be back out in the community strengthening our partnerships.

As a new aspect to my role, I am enjoying and eager to learn and diversify my skills in other areas of NorCen Financial Services Ltd. I will be working with all directors in the management of properties at Wallan and Broadford and continuing with new strategies to grow the business. Strategy Planning days are set for early 2023 and we are very much looking forward to a new look Grants/ Community Forum booked for the November 3, 2022.

The level of trust and support from all board directors of our team over the twelve months has been fantastic and something all staff are grateful for. Thank you from myself and your branch teams. To our new Bendigo Bank Regional Manager, Leanne Martin and the support team it is reassuring to know we have an experienced team assisting us.

To our passionate and committed staff, thank you for your trust, your continued teamwork and service to our customers. To our valued customers, shareholders, and community groups, we look forward to working with you into the future.

Shelley McLean
Senior Group Manager

Management representation letter.

NorCen Financial Services Limited - For year ending 30th June 2022.

This representation letter is provided in connection with your audit of the financial report of NorCen Financial Services Limited (the entity) for the year ended 30 June 2022 for the purpose of expressing an opinion as to whether the financial report is in accordance with the Corporations Act 2001 including, in all material respects, giving a true and fair view in accordance with Australian Accounting Standards. We confirm to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Report

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation of the financial report in accordance with Australian Accounting Standards; in particular, the financial report gives a true and fair view in accordance therewith.
- Significant judgements and assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable, including:
  - Lease terms: Options for additional lease terms are factored into lease liability calculations as we are reasonably certain to exercise such options
  - Incremental borrowing rate: The incremental borrowing rate used in the calculation of the lease liability is appropriately estimated by management and in line with a rate of interest we would have had to pay to borrow with a similar security, borrowing term and funds necessary to obtain the asset.
  - Make-good provision: Our estimates for restoring leased premises to their original conditions are reasonable and in line with such costs if they were to occur.
  - Provision for long service leave: Probability factors and other underlying assumptions and measurements for long service leave provisions are in context with the Australian Accounting Standards
  - Useful life of assets: Measurements and underlying assumptions of the useful life of assets are appropriate and in line with the context of Australian Accounting Standards
  - Deferred tax assets: The assumption of the availability of future taxable profit against with deductible temporary differences can be utilised are in line with the context of Australian Accounting Standards
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
- All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- We have reviewed all adjusting journal entries made to the financial report, if any, and are satisfied as to their adequacy. Where necessary, we have reviewed supporting calculations and reconciliations.
- The effects of proposed uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole.

Information Provided

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - additional information you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial report.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud, or suspected fraud, that we are aware of and that affects the entity and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial report.

- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance, or suspected non-compliance, with laws and regulations whose effects should be considered when preparing the financial report.
- We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- In respect of other information:
  - We have informed you of all the documents we expect to issue that may comprise other information;
  - With regard to any other information that we have not provided to you prior to the date of the auditor's report, such as the annual report including the Chair and Branch Manager's Report, that we intend to prepare and issue and will provide it to you to enable you to complete your required procedures.
  - We have provided you with all requested information, explanations and assistance for the purposes of the audit.
  - We have provided you with all information required by relevant statutory and other requirements.

Going Concern

- The financial report for the year ended 30 June 2022 has been prepared on the going concern basis due to the company's profit for the year, strong net asset position, positive cash flows from operating activities and projected results for the year ended 30 June 2023.

We understand your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

David Wheeler
Director – NorCen Financial Services Limited

Directors' report.

NorCen Financial Services Ltd Directors' report 30 June 2022.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of NorCen Financial Services Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

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

Name:	**David Allan Wheeler**
Title:	Chair
Experience and expertise:	25 years self employed in small business, prior post office licensee, past treasurer for Valley Financial Services Ltd, currently chairperson, served as member of all subcommittees.
Special responsibilities:	Chairperson, member of all board sub-committees.

Name:	**Walter Hilaire Mott**
Title:	Non-executive director
Experience and expertise:	Director of the Leader Media Group Pty Ltd 1980-86. Director of North East Broadcasters Ltd and North East Broadcasters Pty Ltd 1996. Chairman and Managing Director of several companies. 59 years involved in the newspaper and printing industry, 36 years in property investment and development and 42 years farming in the Whittlesea and Mitchell Districts. Formal Qualifications include Apprenticeship at the Melbourne School of Printing and Graphic Arts. Life Member Whittlesea Agricultural Society.
Special responsibilities:	Low volume market, community investment

Name:	**Susan Louise Marstaeller OAM**
Title:	Non-executive director
Experience and expertise:	Former Mitchell Shire Councillor 14 years and 3 time mayor. Finance, audit and governance experience. JP of Victoria. Director and Chairman of Central Ranges Local Learning and Employment Network (CRLLEN). Treasurer of a number of local community groups including Country Womens Association (CWA), South Mitchell Neighbourhood Watch (SMNHW), LB Davern Reserve Committee of Management, member Wandong Fire Brigade.
Special responsibilities:	Company Secretary, Chair of Governance, Member of HR, CIMC, Shareholders and Projects Committees.

Name:	**Kathleen Mary Holland**
Title:	Non-executive director
Experience and expertise:	BSc. Owner and Financial Manager of Wallan Family Practice GP clinic for the last 21 years. Secretary of the Rotary Club of Southern Mitchell, currently serving as Vocational Director and President Elect.
Special responsibilities:	Deputy Chairperson and Community Investment and Marketing Committee Chair.

Name:	**Sheree Elise Tivendale**
Title:	Non-executive director
Experience and expertise:	Sheree has extensive experience across many industries and both government and corporate roles. Sheree is passionate about building communities and the benefits of Community Banking. Sheree brings experience to the Board in marketing, governance and compliance. Sheree has 3 young children and operates a small farm and family business and is a local Civil Celebrant.
Special responsibilities:	Treasurer, Chair Budget and Finance committee, Member CIMC, Audit & Risk and Buildings & Projects

Name:	**Ortensio Caroli**
Title:	Non-executive director
Experience and expertise:	Career banker spanning 30 years at NAB Business Banking 1988 to 2018 (mainly across the West and North of Melbourne). Whilst at NAB, Ortensio led Business Banking teams of up to 38 staff -$3B in footings / $60M in revenue. After leaving NAB was recruited as the General Manager of a family operated transport company servicing the Eastern seaboard of Australia. Current employment as above -situated close to home in Kilmore. Role/s include -HR management and recruitment, financial reporting, capital expense management and negotiation, leasehold management and everything in between. Skills, training and education developed over the 30 years at NAB have been easily transferable into private enterprise.
Special responsibilities:	Chair of HR.

Name:	**Benjamin John Gregory**
Title:	Non-executive director
Experience and expertise:	Social media expert, tv, radio. Director at private company. Certificate III Events, Certificate III Drone/Aviation. Photo, videographer.
Special responsibilities:	Chair of Youth Committee.

Name:	**David Ian Atkinson**
Title:	Non-executive director (appointed 27 June 2022)
Experience and expertise:	Accountant, BAS Agent, B.Bus GAICD. Current: Treasurer and Secretary Mitchell Lodge #929, Secretary BEAM Mitchell Environment Group, Secretary Kilmore & District Mens Shed. Past: Treasurer and Secretary Mitchell Lodge #929, Treasurer BEAM Mitchell Envirnment Group, Treasurer/Secretary/President and District Governor of Mitchell Apex Club. Committee member of Kilmore Guide and Scout hall committee, Treasurer of Kilmore Miniature Railway Club, Assisted Kilmore Little Athletics and Junior Football Club.

Name:	**Lee Partridge**
Title:	Non-executive director (appointed 30 August 2021, resigned 23 February 2022) Experience and expertise:

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

Company secretary

There have been two company secretaries holding the position during the financial year:

- Susan Louise Marstaeller was appointed company secretary on 27 January 2022.
- Sally Louise Chadwick was appointed as company secretary on 25 June 2018 and ceased on 27 January 2022.

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 group after providing for income tax amounted to $644,341 (30 June 2021: $693,275).

Operations have continued to perform in line with expectations.

Directors' report. (continued)

NorCen Financial Services Ltd Directors' report 30 June 2022.

Dividends

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

	Consolidated	
	2022 $	2021 $
Final fully franked dividend of 3.5 cents per share (2021: 10 cents)	220,933	184,572
Interim fully franked dividend of 2 cents per share	126,247	-
	347,180	**184,572**

Subsequent to financial year-end, the following dividends were proposed by the directors. The dividends have not been provided for in the financial statements.

	2022 $
Fully franked dividend of 2 cents per share	126,247

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

An agreement was signed on 7 July 2022 between the company and Trustees of the Kilmore Racecourse and Recreation Reserve to provide a community grant of $100,000 to complete the construction of the Kilmore Reserve Walking Track. Works are expected to be completed by November 2022. No provision has been recognised in the financial statements for the grant in the current financial year.

Apart from the dividend declared as disclosed in note 24 and the matters described above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board	
Director	Eligible	Attended
David Allan Wheeler	11	11
Walter Hilaire Mott	11	10
Susan Louise Marstaeller OAM	11	11
Kathleen Mary Holland	11	10
Sheree Elise Tivendale	11	11
Ortensio Caroli	11	11
Benjamin John Gregory	11	10
David Atkinson	1	1
Lee Ann Partridge	5	5

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 27 and note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Fully paid ordinary shares		
	Balance at start of year	Changes	Balance at end of year
David Allan Wheeler	39,672	-	39,672
Walter Hilaire Mott	423,178	-	423,178
Susan Louise Martaeller OAM	17,107	-	17,107
Kathleen Mary Holland	6,840	-	6,840
Sheree Elise Tivendale	27,360	-	27,360
Ortensio Caroli	3,000	1,420	4,420
Benjamin John Gregory	-	-	1,000
David Atkinson	134,748	-	134,748
Lee Partridge	1000	-	1000

Directors' report. (continued)

NorCen Financial Services Ltd Directors' report 30 June 2022.

Indemnity and insurance of directors and officers

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

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

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 group 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 29 to the accounts.

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

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

Auditor's independence declaration.

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

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

On behalf of the directors

Dated this 12th October 2022

David Allan Wheeler
Chairman

Lead Auditor's independence declaration.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of NorCen Financial Services Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 12 October 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 65 684 604 390

NorCen Financial Services Ltd.

NorCen Financial Services Ltd Consolidated statement of financial position; as at 30 June 2022.

	Consolidated		
	Note	2022 $	2021 $
Revenue from contracts with customers	6	3,751,265	3,727,524
Other revenue	7	285,229	327,559
Finance revenue		72	245
Employee benefits expense	8	(1,947,890)	(1,841,686)
Advertising and marketing costs		(47,465)	(35,614)
Occupancy and associated costs		(137,235)	(159,232)
System costs		(87,863)	(97,809)
Depreciation and amortisation expense	8	(292,762)	(316,871)
Finance costs	8	(83,905)	(102,699)
General administration expenses		(279,077)	(311,821)
Profit before community contributions and income tax expense		**1,160,369**	**1,189,596**
Charitable donations and sponsorships expense		(281,146)	(269,957)
Profit before income tax expense		**879,223**	**919,639**
Income tax expense	9	(234,882)	(226,364)
Profit after income tax expense for the year	**22**	**644,341**	**693,275**
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	21	1,157,579	-
Other comprehensive income for the year, net of tax		1,157,579	-
Total comprehensive income for the year		**1,801,920**	**693,275**
Earnings per share		¢	¢
Basic earnings per share	31	10.21	10.98
Diluted earnings per share	31	10.21	10.98

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

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	10	273,090	338,666
Trade and other receivables	11	375,360	338,115
Total current assets		**648,450**	**676,781**
Non-current assets			
Property, plant and equipment	12	7,699,894	6,337,695
Right-of-use assets	13	256,669	244,901
Intangible	14	95,124	124,980
Total non1current assets		**8,051,687**	**6,707,576**
Total assets		**8,700,137**	**7,384,357**
LIABILITIES			
Current liabilities			
Trade and other payables	15	238,563	218,749
Borrowings	16	768,323	405,806
Lease liabilities	17	50,930	31,905
Current tax liabilities	9	158,397	74,392
Employee benefits	18	96,364	95,707
Total current liabilities		**1,312,577**	**826,559**
Non-current liabilities			
Trade and other payables	15	78,903	98,334
Borrowings	16	1,391,178	2,313,757
Lease liabilities	17	256,625	264,055
Deferred tax liabilities	9	626,454	256,744
Employee benefits	18	8,155	54,750
Provisions	19	28,852	27,505
Total non-current liabilities		**2,390,167**	**3,015,145**
Total liabilities		**3,702,744**	**3,841,704**
Net assets		**4,997,393**	**3,542,653**
EQUITY			
Issued capital	20	1,003,089	1,003,089
Reserves	21	1,679,466	521,887
Retained earnings	22	2,314,838	2,017,677
Total equity		**4,997,393**	**3,542,653**

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

NorCen Financial Services Ltd.

NorCen Financial Services Ltd Consolidated statement of financial position; as at 30 June 2022.

	Notes	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2020		1,003,089	521,887	1,508,974	3,033,950
Profit after income tax expense		-	-	693,275	693,275
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	693,275	693,275
Transactions with owners in their capacity as owners:					
Dividends provided for	24	-	-	(184,572)	(184,572)
Balance at 30 June 2021		**1,003,089**	**521,887**	**2,017,677**	**3,542,653**

	Notes	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2021		1,003,089	521,887	2,017,677	3,542,653
Profit after income tax expense		-	-	644,341	644,341
Other comprehensive income, net of tax		-	1,157,579	-	1,157,579
Total comprehensive income		-	1,157,579	644,341	1,801,920
Transactions with owners in their capacity as owners:					
Dividends provided for	24	-	-	(347,180)	(347,180)
Balance at 30 June 2021		**1,003,089**	**1,679,466**	**2,314,838**	**4,997,393**

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

Bendigo Bank

Consolidated statement of cash flows For the year ended 30 June 2022.

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,410,652	4,446,120
Payments to suppliers and employees (inclusive of GST)		(3,196,559)	(3,081,299)
		1,214,093	1,364,821
Interest received		72	245
Interest and other finance costs paid		(68,002)	(86,478)
Income taxes paid		(167,026)	(71,422)
Net cash provided by operating activities	**30**	**979,137**	**1,207,166**
Cash flows from investing activities			
Payments for property, plant and equipment		(41,412)	(845,336)
Payments for intangibles		(41,074)	(41,074)
Proceeds from disposal of property, plant and equipment		-	52,521
Net cash used in investing activities		**(82,486)**	**(833,889)**
Cash flows from financing activities			
Proceeds from borrowings		240,000	402,223
Repayment of lease liabilities	17	(54,984)	(45,288)
Dividends paid	24	(347,180)	(184,572)
Repayment of borrowings		(800,062)	(696,521)
Net cash used in financing activities		**(962,226)**	**(524,158)**
Net cash increase/(decrease) in cash held		**(65,575)**	**(150,881)**
Cash and cash equivalents at the beginning of the financial year		338,666	489,547
Cash and cash equivalents at the end of the financial year	**10**	**273,091**	**338,666**

***** WARNING - CURRENT PERIOD CASH DOES NOT BALANCE BY 1 *****

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

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 1. REPORTING ENTITY

The consolidated financial report for NorCen Financial Services Ltd (the company) and its subsidiaries (together referred to as the group). The financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Unit 3, 59 High Street, Wallan, VIC 3756.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 October 2022. The directors have the power to amend and reissue the financial statements.

NOTE 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

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

Changes in accounting policies, standards and interpretations

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

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NorCen Financial Services Ltd ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. NorCen Financial Services Ltd and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Coronavirus (COVID-19) pandemic

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

Fair value measurement hierarchy

The group 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.

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.

Estimation of useful lives of assets

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The group 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 group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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 group'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 group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

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

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

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

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

NOTE 5. ECONOMIC DEPENDENCY

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

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

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

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

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 5. ECONOMIC DEPENDENCY (continued)

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

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

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

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 $	2021 $
Margin income	3,274,042	3,243,770
Fee income	265,147	273,141
Commission income	212,076	210,613
Revenue from contracts with customers	**3,751,265**	**3,727,524**

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

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

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

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

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

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 7. OTHER REVENUE

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	-	6,432
Market development fund	38,125	40,000
Cash flow boost	-	50,000
Rental income	240,604	222,816
Other income	6,500	8,311
Other revenue	**285,229**	**327,559**

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Rental income	Rental income from owned investment properties / right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the Board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

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

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

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

NOTE 8. EXPENSES

Depreciation and amortisation expense	2022 $	2021 $
Depreciation of non-current assets:		
Buildings	110,644	108,348
Leasehold improvements	57,584	58,767
Plant and equipment	46,217	50,013
Furniture and fittings	8,206	9,933
Motor vehicles	-	12,767
	222,651	**239,828**
Depreciation of right-of-use assets		
Leased land and buildings	40,255	31,862
Amortisation of intangible assets:		
Franchise fee	16,271	-
Franchise renewal fee	13,585	45,181
	29,856	**45,181**
	292,762	**316,871**

Finance costs	2022 $	2021 $
Bank loan interest paid or accrued	68,002	86,478
Lease interest expense	14,556	14,937
Unwinding of make-good provision	1,347	1,284
	83,905	**102,699**

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

Employee benefits expense	2022 $	2021 $
Wages and salaries	1,624,176	1,531,026
Non-cash benefits	4,298	1,209
Superannuation contributions	170,347	143,899
Expenses related to long service leave	(32,278)	20,772
Other expenses	181,347	144,780
	1,947,890	**1,841,686**

Leases recognition exemption	2022 $	2021 $
Expenses relating to low-value leases	39,043	46,077
Expenses relating to short-term leases	-	18,411
	39,043	**64,488**

Thanks to your support we have given back ov

$4 million

to our local community

Kilmore SES

Broadford Cricket Club


Broadford Golf Club

Trent McCarthy, Local Learning and Employment Network er

David Wheeler,
NorCen Chairman

Trustees of the Kilmore
Racecourse and
Recreation Reserve,
Kilmore Reserve
Walking Track

Trustees of the Kilmore
Racecourse and
Recreation Reserve,
Kilmore Reserve
Walking Track

Riding for the Disabled

Kilmore Regional Busking Championships

Bendigo Bank


KilmoreQuilters

Mitchell Majors Baseball Club

NOTE 8. EXPENSES (continued)

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

The group paid for the right to use a property. The lease agreement expired when the group purchased the property. As such the lease has been assessed as short term and exempted from recognition under AASB 16 accounting. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

NOTE 9. INCOME TAX

	2022 $	2021 $
Income tax expense		
Current tax	251,031	164,476
Movement in deferred tax	369,710	74,122
Under/(over) provision of income tax in the prior year	-	(1,964)
Reduction in company tax rate	-	(10,270)
Deferred tax recognised at FVTOCI	(385,859)	-
Aggregate income tax expense	**234,882**	**226,364**
Prima facie income tax reconciliation		
Profit before income tax expense	879,223	919,639
Tax at the statutory tax rate of 25% (2021: 26%)	**219,806**	**239,106**
Tax effect of:		
Non-deductible expenses	3,387	3,809
Non-assessable income	-	(13,000)
Reduction in company tax rate	-	(10,270)
	223,193	**219,645**
Under/(over) provision of income tax in the prior year	-	(1,964)
Difference in subsidiary tax rates	11,689	8,683
Income tax expense	**234,882**	**226,364**

The subsidiary of the company is taxed at 30%. The effect of the difference in tax rates on income tax expense is $11,689 (2021: $8,683).

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 9. INCOME TAX (continued)

	2022 $	2021 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	673,318	314,799
Right-of-use assets	64,167	61,225
Lease liabilities	(76,889)	(73,990)
Employee benefits	(26,130)	(37,614)
Provision for lease make good	(7,212)	(6,876)
Accrued expenses	(800)	(800)
Deferred tax liability	**626,454**	**256,744**

	2022 $	2021 $
Provision for income tax	158,397	74,392

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

NOTE 10. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank and on hand	273,090	338,666

Accounting policy for cash and cash equivalents

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

Bendigo Bank

NOTE 11. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	346,415	316,380
Other receivables and accruals	7,181	7,181
Prepayments	21,764	14,554
	28,945	**21,735**
	375,360	**338,115**

Accounting policy for trade and other receivables

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

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

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Land - at fair value	1,320,269	1,261,269
Buildings - at fair value	5,515,473	4,404,880
Less: Accumulated depreciation	**(6,983)**	**(161,301)**
	5,508,490	4,243,579
Leasehold improvements - at cost	540,579	530,579
Less: Accumulated depreciation	(291,512)	(233,928)
	249,067	**296,651**
Plant and equipment - at fair value	552,966	-
Plant and equipment - at cost	-	568,250
Less: Accumulated depreciation	(29)	(57,273)
	552,937	**510,977**
Furniture and fittings - at cost	179,228	112,415
Less: Accumulated depreciation	(110,097)	(87,196)
	69,131	**25,219**
	7,699,894	**6,337,695**

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Consolidated	Land $	Buildings $	Leasement improvements $	Plant and equipment $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2020	**800,000**	**4,595,920**	**332,281**	**-**	**30,022**	**20,053**	**5,778,276**
Additions	461,269	251,141	23,137	65,856	5,130	38,803	845,336
Disposals	-	-	-	-	-	(46,089)	(46,089)
Transfers in/(out)	-	(495,134)	-	495,134	-	-	-
Depreciation expense	**-**	**(108,348)**	**(58,767)**	**(50,013)**	**(9,933)**	**(12,767)**	**(239,828)**
Balance at 30 June 2021	**1,261,269**	**4,243,579**	**296,651**	**510,977**	**25,219**	**-**	**6,337,695**
Additions	-	30,455	10,000	-	957	-	41,412
Revaluation increments	59,000	1,345,100	-	139,338	-	-	1,543,438
Transfers in/(out)	-	-	-	(51,161)	51,161	-	-
Depreciation expense	**-**	**(110,644)**	**(57,584)**	**(46,217)**	**(8,206)**	**-**	**(222,651)**
Balance at 30 June 2022	**1,320,269**	**5,508,490**	**249,067**	**552,937**	**69,131**	**-**	**7,699,894**

Fair value

The fair value of land and buildings 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 years.

The group's Wallan property was independently valued effective 30 June 2022 by Opteon Property Group. The valuation resulted in an increment to the carrying amount of the property resulting in a net gain on revaluation of $1,157,579 in the Statement of Profit or Loss and Other Comprehensive Income. The directors considered the purchase price of the Broadford property in September 2020 for $600,000 accurately reflects the current fair value for the property, therefore, no revaluation was required.

Accounting policy for property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

- Building: 40 years
- Leasehold improvements: 4 to 10 years
- Plant and equipment: 1 to 20 years
- Furniture and fittings: 1 to 40 years

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

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

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

Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

NOTE 13. RIGHT-OF-USE ASSETS

	2022 $	2021 $
Land and buildings - right-of-use	510,149	458,126
Less: Accumulated depreciation	(253,480)	(213,225)
	256,669	**244,901**

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

	Leased land and buildings $
Balance at 1 July 2020	**268,292**
Revaluation increments	8,471
Depreciation expense	(31,862)
Balance at 30 June 2021	**244,901**
Additions	49,577
Revaluation increments	2,446
Depreciation expense	(40,255)
Balance at 30 June 2022	**256,669**

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 17 for more information on lease arrangements.

NOTE 14. INTANGIBLES

	2022 $	2021 $
Franchise fee	69,275	69,275
Less: Accumulated amortisation	(53,421)	(37,150)
	15,854	**32,125**
Franchise renewal fee	188,607	188,607
Less: Accumulated amortisation	(109,337)	(95,752)
	79,270	**92,855**
	95,124	**124,980**

NOTE 14. INTANGIBLES (continued)

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

Consolidated	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	**32,125**	**138,036**	**170,161**
Amortisation expense	-	(45,181)	(45,181)
Balance at 30 June 2021	**32,125**	**92,855**	**124,980**
Amortisation expense	(16,271)	(13,585)	(29,856)
Balance at 30 June 2022	**15,854**	**79,270**	**95,124**

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)	December 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2024

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

Change in estimates

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

NOTE 15. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Current liabilities		
Trade payables	45,637	45,181
Other payables and accruals	192,926	173,568
	238,563	**218,749**
Non-current liabilities		
Trade payables	45,182	90,363
Other payables and accruals	33,721	7,971
	78,903	**98,334**

NOTE 15. TRADE AND OTHER PAYABLES (continued)

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Where the group is liable to settle the amount within 12 months of the reporting date, the liability is classified as current. All other obligations are classified as non-current.

NOTE 16. BORROWINGS

	2022 $	2021 $
Current liabilities		
Bank loans	768,323	405,806
Non-current liabilities		
Bank loans	1,391,178	2,313,757

Bank loans

Bank loans are repayable monthly. Interest is recognised at rate of 3.853% (2021: 2.96%). The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

NOTE 17. LEASE LIABILITIES

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	64,386	45,387
Unexpired interest	(13,456)	(13,482)
	50,930	**31,905**
Non-current liabilities		
Land and buildings lease liabilities	291,824	310,145
Unexpired interest	(35,199)	(46,090)
	256,625	**264,055**

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 17. LEASE LIABILITIES (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	295,960	317,840
Additional lease liabilities recognised	49,576	-
Remeasurement adjustments	2,446	8,471
Lease interest expense	14,556	14,937
Lease payments - total cash outflow	(54,983)	(45,288)
	307,555	**295,960**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	64,386	45,387
Between 12 months and 5 years	207,908	181,548
Greater than 5 years	83,916	128,597
	356,210	**355,532**

Accounting policy for lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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

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

NOTE 17. LEASE LIABILITIES (continued)

The company's lease portfolio includes:

Kilmore branch	The lease agreement commenced in June 2014. A 5 year renewal option was exercised in May 2019. The company has 1 x 5 year renewal option available which for *AASB 16*: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is April 2029. The discount rate used in calculations is 4.79%.
Wellington Street property	The lease commenced on January 2022 for a term of 34 months. As such, the lease term end date used in the calculation of the lease liability is October 2024. The discount rate used in calculations is 4.29%.

Leases as lessor

The group leases out its property. The group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the group during the financial year was $240,604 (2021: $222,816).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2022 $	2021 $
Within 12 months	155,475	201,600
Between one and two years	135,298	134,614
Between two and three years	63,870	115,299
Between three and four years	20,000	43,870
Between four and five years	5,833	-
Total undiscounted lease receivable	**380,476**	**495,383**

NOTE 18. EMPLOYEE BENEFITS

	2022 $	2021 $
Current liabilities		
Annual leave	61,394	76,523
Long service leave	34,970	19,184
	96,364	**95,707**
Non-current liabilities		
Long service leave	8,155	54,750

Accounting policy for employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 18. EMPLOYEE BENEFITS (continued)

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

NOTE 19. PROVISIONS

	2022 $	2021 $
Lease make good	28,852	27,505

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $40,000 for the Kilmore Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on April 2029 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised gs a finance cost.

NOTE 20. ISSUED CAPITAL

	2022		2021	
	Shares	$	Shares	$
Ordinary shares - fully paid	1,028,710	1,028,710	1,028,710	1,028,710
Bonus shares - fully paid (2.24:1)	5,283,657	-	5,283,657	-
Less: Equity raising costs	-	(25,621)	-	(25,621)
	6,312,367	**1,003,089**	**6,312,367**	**1,003,089**

	2022		2021	
	Shares	$	Shares	$
Fully paid ordinary shares				
Balance amount at beginning	6,312,367	1,003,089	1,845,720	1,003,089
Bonus shares issued (2.24:1)	-	-	4,466,647	-
	6,312,367	**1,003,089**	**6,312,367**	**1,003,089**

During the 2021 financial year, the company resolved to issue bonus shares in exchange for no consideration. The bonus shares were issued at a rate of 2.24 bonus share for 1 share held (2.24:1).

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares

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

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

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

Dividends

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

Transfer

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

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

NOTE 20. ISSUED CAPITAL (continued)

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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 386. As at the date of this report, the company had 418 shareholders (2021: 416 shareholders).

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

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

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

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

NOTE 21. RESERVES

	2022 $	2021 $
Revaluation surplus reserve	1,679,466	521,887

Revaluation surplus reserve

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

Movements in reserves

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

	Revaluation surplus reserve $
Balance at 1 July 2020	**521,887**
Balance at 30 June 2021	**521,887**
Revaluation - gross	1,543,438
Deferred tax	(385,859)
Balance at 30 June 2022	**1,679,466**

NOTE 22. RETAINED EARNINGS

	2022 $	2021 $
Retained earnings at the beginning of the financial year	2,017,677	1,508,974
Profit after income tax expense for the year	644,341	693,275
Dividends paid (note 24)	(347,180)	(184,572)
Retained earnings at the end of the financial year	**2,314,838**	**2,017,677**

NOTE 23. CAPITAL MANAGEMENT

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

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

The distribution limit is the greater of:

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

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

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

NOTE 24. DIVIDENDS

Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of cash flows.

	2022 $	2021 $
Final fully franked dividend of 3.5 cents per share (2021: 10 cents)	220,933	184,572
Interim fully franked dividend of 2 cents per share	126,247	-
	347,180	**184,572**

Dividends proposed but not recognised at balance date

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 2 cents per share, to be paid on 22 October 2022. The financial impact of the dividend, amounting to $126,247, has not been recognised in the financial statements for the financial year ended 30 June 2022, and will be recognised in the subsequent financial statements.

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 24. DIVIDENDS (continued)

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	672,364	665,792
Franking credits (debits) arising from income taxes paid (refunded)	167,026	71,422
Franking debits from the payment of franked distributions	(115,727)	(64,850)
	723,663	**672,364**

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

Franking credits (debits) that will arise from payment (refund) of income tax	158,397	74,392
Franking debits that will arise from payment of dividends subsequent to financial year end	(42,082)	-
Franking credits available for future reporting periods	**116,315**	**74,392**

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

NOTE 25. FINANCIAL INSTRUMENTS

	2022 $	2021 $
Financial assets		
Trade and other receivables	353,596	323,561
Cash and cash equivalents	273,090	338,666
	626,686	**662,227**

Financial liabilities		
Trade and other payables	317,466	317,083
Lease liabilities	307,555	295,960
Bank loans	2,159,501	2,719,563
	2,784,522	**3,332,606**

Accounting policy for financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings and lease liabilities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs (where applicable), when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTE 25. FINANCIAL INSTRUMENTS (continued)

Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the Board.

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $273,090 at 30 June 2022 (2021: $338,666). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

Consolidated - 2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade payables	238,563	78,903	-	317,466
Bank loans	768,323	1,391,178	-	2,159,501
Lease liability	64,386	207,908	83,916	356,210
Total non-derivatives	**1,071,272**	**1,677,989**	**83,916**	**2,833,177**

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 25. FINANCIAL INSTRUMENTS (continued)

Consolidated - 2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade payables	218,749	98,334	-	317,083
Bank loans	405,806	1,200,000	113,757	1,719,563
Lease liability	45,387	181,548	128,597	355,532
Total non-derivatives	**669,942**	**1,479,882**	**242,354**	**2,392,178**

NOTE 26. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the group'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

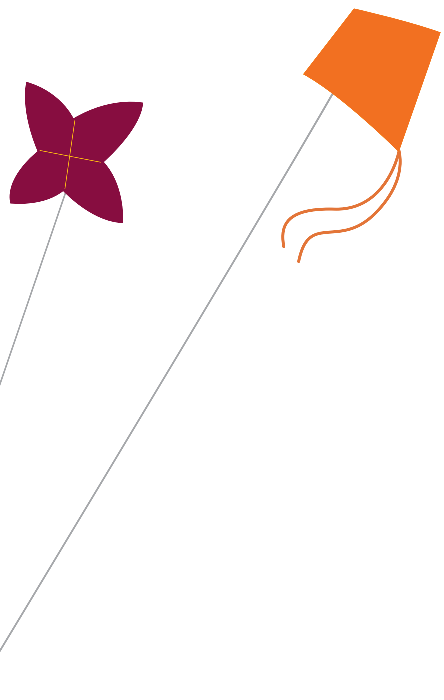
Consolidated - 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	7,350,000	-	7,350,000
Total assets	**-**	**7,350,000**	**-**	**7,350,000**

Consolidated - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	6,056,133	-	6,056,133
Total assets	**-**	**6,056,133**	**-**	**6,056,133**

There were no transfers between levels during the financial year.

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

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



NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following persons were directors of NorCen Financial Services Ltd during the financial year:

- David Allan Wheeler
- Walter Hilaire Mott
- Susan Louise Marstaeller OAM
- Kathleen Mary Holland
- Sheree Elise Tivendale
- Ortensio Caroli
- Benjamin John Gregory
- David Atkinson
- Lee Partridge

Compensation

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	72,957	55,379
Post-employment benefits	7,296	5,538
	80,253	**60,917**

Compensation of the group's key management personnel includes salaries and contributions to a post-employment superannuation fund.

NOTE 28. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties:

	2022 $	2021 $
The company used the marketing services of one of its directors.		
The total benefit received was:	**6,400**	**-**
The company used the advertising through the weekly newspaper in which one of the directors has significant influence over.		
The total benefit received was:	**25,316**	**28,471**
Other goods and services	574	90

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

NOTE 29. REMUNERATION OF AUDITORS

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	7,850	7,650
Other services		
Taxation advice and tax compliance services	7,015	6,900
General advisory services	4,366	8,050
Share registry services	7,531	6,585
Valuation services	-	4,000
	18,912	**25,535**
	26,762	**33,185**

Notes to the Consolidated Financial Statements.

Notes to the consolidated financial statements 30 June 2022.

NOTE 30. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2022 $	2021 $
Profit after income tax expense for the year	**644,341**	**693,275**
Adjustments for:		
Depreciation and amortisation	292,762	316,871
Net gain on disposal of non-current assets	-	(6,432)
Lease liabilities interest	14,556	14,937
Change in operating assets and liabilities:		
Increase in trade and other receivables	(37,245)	(13,921)
Increase in trade and other payables	41,458	18,878
Increase in provision for income tax	84,005	15,564
Increase/(decrease) in deferred tax liabilities	(16,149)	139,378
Increase/(decrease) in employee benefits	(45,938)	27,332
Increase in other provisions	1,347	1,284
Net cash provided by operating activities	**979,137**	**1,207,166**

NOTE 31. EARNINGS PER SHARE

	2022 $	2021 $
Profit after income tax	644,341	693,275

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	6,312,367	6,312,367
Weighted average number of ordinary shares used in calculating diluted earnings per share	6,312,367	6,312,367

	Cents	Cents
Basic earnings per share	10.21	10.21
Diluted earnings per share	10.98	10.98

Accounting policy for earnings per share

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

NOTE 32. COMMITMENTS

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

NOTE 33. CONTINGENCIES

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

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

An agreement was signed on 7 July 2022 between the Trustees of the Kilmore Racecourse and Recreation Reserve to provide a community grant of $100,000 to complete the construction of the Kilmore Reserve Walking Track. Works are expected to be completed by November 2022. No provision has been recognised in the financial statements for the grant in the current financial year.

Apart from the dividend declared as disclosed in note 24 and the matters described above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

NOTE 35. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $	2021 $
Profit after income tax	480,629	541,318
Total comprehensive income	**1,638,208**	**541,318**

Statement of financial position

	Parent	
	2022 $	2021 $
Total current assets	**549,276**	**601,900**
Total assets	8,560,973	7,269,488
Total current liabilities	1,599,605	948,418
Total liabilities	3,956,050	3,955,592

Equity

Issued capital	1,003,089	1,003,089
Revaluation surplus reserve	1,679,466	521,887
Retained earnings	1,922,368	1,788,919
Total equity	**4,604,923**	**3,313,895**

***** WARNING - PRIOR PERIOD DOES NOT BALANCE BY 1 *****

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022.

NOTE 35. PARENT ENTITY INFORMATION (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Director's declaration.

NorCen Financial Services Ltd Directors' declaration 30 June 2022

In the directors' opnion;

- 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 group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

David Allan Wheeler
(Chairman)

12 October 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of NorCen Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

i. giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

AFS

Andrew Frewin Stewart
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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 12 October 2022

Joshua Griffin
Lead Auditor

Notes.

Bendigo Bank

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