2023

Annual Report

NorCen Financial Services Limited

ABN 32 119 493 113

Kathleen Holland
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

Jackie Ginefra
Wallan Branch
Operations Manager

Casey Smith
Kilmore Branch
Operations Manager

Kirsty Galea
Customer
Relationship Manager

Rajani Panicker
Customer
Relationship Manager

Andrew Gough
Relationship
Consultant

Carmel Borg
Customer Service
Officer

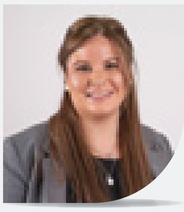
Suellyn Jansen
Customer Service
Officer

Courtney Malesevich
Customer
Relationship Manager

Andrea Lever
Customer Service
Officer

Ebony Chisholm
Relationship
Consultant

Elizabeth Jarnevic
Customer Service
Officer



Natalie White
Senior Customer
Relationship Manager

Michael O'Gorman
Senior Customer
Relationship Manager

Tyeisha Lupson
Customer
Relationship Manager

Bianca Taylor
Customer
Relationship Officer

Alexandra Leggo
Customer Service
Officer

Leanne Paice
Customer
Relationship Manager

Samuel Wood
Customer Service
Officer

Ben Maher
Customer Service
Officer

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Chairperson's report.

For year ending June 30 2023.

It is with great pleasure that I bring you the report for 2022/2023.

Firstly, I want to thank my predecessor in this role, Mr. David Wheeler, who served as Chair from December 2019 to July 2023. During David's tenure as Chair from 2019 to 2023 his vision and enthusiasm delivered outstanding results for the Company.

Amongst other standouts, David's passion for social welfare led us to the purchase of a safe house for victims of domestic violence. Working in conjunction with Beyond Housing, this house enables safe shelter for up to 6 weeks for a person or family escaping DV.

Our Treasurer has reported a profit of $1,151,000 for the 2022/2023 trading year a great result in an ever-challenging banking environment.

We have been able to pay our shareholders a final dividend of 2 cents per share paid on 21st October 2022.

In March 2023 we paid an interim dividend of 3 cents per share. This dividend is 100% fully franked at the company tax rate of 25%.

Because of this very profitable financial year, we donated over $450,000 to many community organisations. The total donations to the Mitchell Shire community since opening in 2007 is over $4.2 million. This has made a huge difference to a wide range of clubs, community groups and schools.

Our most significant grant for Kilmore has been the Community Bank Walking Track. We were able to support this project of the Trustees of the Kilmore Racecourse and Recreation Reserve by granting $100,000 in funding to bring this track to the community. A great crowd saw the opening of the Track in April 2023; although the weather was not too kind it did not discourage participants from walking the Track.

We are delighted to see it utilised as a Parkrun every Saturday.

Our staff are our greatest asset and we thank them for their continued commitment to the company. They are all dedicated, professional and well trained by Bendigo Bank in all aspects of Banking. Our team is expertly led by Senior Banking Manager and General Manager, Shelley McLean, with Casey Smith as Operations Manager – Kilmore/Broadford and Jackie Ginefra as Operations Manager – Wallan.

This year we welcomed to our team new staff members Bianca Taylor, Elizabeth Jarnevic, Ashla Jacobs and Ben Maher.

In addition, we were delighted to welcome back from parental leave both Kirsty Galea and Courtney Malesevich.

Events Director Benjamin Gregory together with our Community Engagement and Marketing Officer, Lee Day facilitated a Community Forum in November at the Grove in Hidden Valley. We were keen to hear from our community where they thought the Community Investment Funds were needed and how they could be used to continue strengthening our community. Collaboration was a key takeaway.

In February of this year, we held a strategy day facilitated by past Regional Director Bill den Hartog. All directors actively participated in the discussions, where goals and aspirations were strongly articulated. We were able to define NorCen Financial Services Limited's values:

- **Passion –** to empower our team to deliver our best work every day. Continually working as a team to make meaningful community impact.
- **Engagement –** We are committed to listen and understand the opportunities and challenges our community, shareholders and customers are facing
- **Collaboration –** We work as one inclusive team, encouraging unique contribution, diversity, and respect.
- **Community –** We are committed to our diverse and growing community.
- **Culture –** We respect our company structure and the banking code which we are governed by. We fulfil our obligations to all stakeholders, ensuring we meet the standards expected by our community and regulators.

Our Grants Night held at Kilmore Trackside in May saw 42 community groups represented with over 110 individual attendees. Once again, our Events Director Benjamin Gregory together with our Community Engagement and Marketing Officer, Lee Day developed a unique and special environment to celebrate all that is good about Community banking, and to witness firsthand how these grants have been utilized to transform our community.

In closing I want to thank my fellow Directors for the time and commitment they give to NorCen Financial Services Limited, and look forward to another successful year.

Kit Holland
Chairperson.

Farewell David

We bid a heartfelt farewell to a remarkable individual, David Wheeler, who has dedicated over 25 years of his life to the cause of community banking and at NorCen Financial Services he has held the roles of Chairman for 4 years and Treasurer for 7 years.

David's tireless efforts and unwavering commitment have left an indelible mark on our organisation and to our community at large.

David's journey with NorCen Financial Services has been nothing short of extraordinary, after leaving the Valley Group and joining our board, he worked diligently to promote the principles of community banking. David's vision, dedication, and leadership have not only steered our organisation through various challenges but also transformed it into a beacon within the network.

As Chairman, David provided us with guidance and was always willing to share his wisdom, always leading and inspiring others with his passion for community banking. David's commitment to to those in need and sound financial management helped our organisation thrive even in challenging times. Under David's leadership, NorCen Financial Services has not only grown but has become a provider supporting community services such as Love in Action and Beyond Housing.

In his role as Treasurer he has been equally significant, his financial acumen and attention to detail have ensured that our organisation remains financially sound and resilient. David's ability to create returns for shareholders whilst also prioritising the needs of our community groups was truly exceptional.

David's contributions go well beyond his official roles, he has been a mentor, a friend, and a guiding light. David's willingness to lend a helping hand and genuine concern for the well-being of our employees and customers have set a standard for compassion and empathy that we all aspire to.

David, as you embark on this new chapter of your life, we want you to know that your legacy will live on in the hearts and minds of all those who have worked alongside you. Your dedication to community banking has not only enriched our organisation but has also made a positive impact on the lives of countless groups and businesses in our community.

David, your retirement may mark the end of your official role at NorCen Financial Services, but it does not mark the end of our appreciation and gratitude for all that you've done. You leave behind a legacy of excellence, integrity, and community spirit that will continue to inspire us for generations to come. As you step into this new phase of your life, we hope you find the time for relaxation, exploration, and all the things you've always wanted to do. May your retirement be filled with joy, good health, and the same enthusiasm that you've brought to NorCen Financial Services.

Thank you, David, for your outstanding service and dedication. You will be greatly missed, but your influence will forever be a part of our organisation.

Treasurer's report.

For year ending June 30 2023.

I am delighted to present the Treasurer's Report for what has been an extraordinary financial year for NorCen Financial Services. This year, we have achieved remarkable success and witnessed significant growth, reflecting our commitment to excellence, teamwork, and prudent financial management.

I am pleased to announce that NorCen Financial Services has achieved its highest-ever profitability this financial year. Our financial performance has exceeded our expectations, with profits surpassing the results of previous years.

Our balance sheet remains robust. We have managed to strengthen our financial position by allocating resources and maintaining a diversified portfolio.

Our risk management practices have been sound and we have minimised exposure to unnecessary risks while ensuring we remain profitable.

None of these achievements would have been possible without the dedication and hard work of our incredible team. Our staff members, particularly our Senior Branch Manager, Shelley McLean has shown unwavering commitment and have gone the extra mile to ensure the success of NorCen Financial Services. I would like to extend my heartfelt appreciation to Shelley and each member of our team for their outstanding contributions. The trust and loyalty of our staff are the cornerstones of our success, and we are committed to maintaining the highest standards of service excellence.

I am also grateful to our exceptional board of directors. Their guidance, vision, and commitment to our values have been instrumental in steering NorCen Financial Services to continued success. I would also like to take this opportunity to thank David Wheeler for his many years of dedication and commitment as Chairman, former Treasurer and a fellow Director. David gave so much strategic thought and passion to the role for which I am extremely grateful.

As we look ahead, I am confident that NorCen Financial Services is well-positioned for sustained success. Our financial management, dedicated team, and supportive board provide a strong foundation for future growth and prosperity.

In closing, I would like to express my gratitude to our staff, shareholders, customers, and board members for their trust and support throughout this outstanding financial year. Together, we have achieved remarkable results, and I am excited about the opportunities and challenges in the year ahead.

Sheree Tivendale
Treasurer

Senior Branch Manager's report.

For year ending June 30 2023.

It has been a successful and fast moving 22/23 Financial Year. The banking environment as well as our whole economy has seen continuous change and created several adjustments and challenges. Home lending interest rate rises have been a concerning trend for a large proportion of our customers seeing a jump in sales, pay downs and mortgage holders looking for the best deal across a very competitive market. Our team have been working tirelessly on retaining these relationships and assisting our customers to navigate this. As a result of these economic changes Bendigo Bank delivered more attractive deposit rates and a higher than anticipated increased revenue uplift from June 22.

Our banking team has grown with new and very motivated additional staff at our Wallan and Kilmore branches. We have welcomed back two experienced lenders from parental leave and have concentrated our focus on upskilling all staff to provide the best support to our community as well as delivering quality banking services to our customers.

With stable and well-trained staff at all sites we are now focusing on continuous growth in lending and deposits plus providing knowledge and support to customers. Providing competitive Bendigo Bank banking products and educating our customers on how to protect themselves online to prevent the real threat of scams is a very important part of the banking team's role.

Over the last 12mths we have had the privilege to partner with some incredible community groups to deliver equipment, working capital, productions, scholarships and much more. It is fantastic to be a part of such an active community and help the groups achieve their goals. Having achieved a strong profit over the 12 months will enable us to continue with this commitment. Moving into the 2023 Financial Year our strategy is to grow in footings and expand our customer base capitalising on the ever increasing number of new residents coming into our Shire. On a community front, we will be continuing to commit to attending events as well as more active connection to our online platforms.

A big thank you to our board of directors for their continued support and commitment to me and all NorCen Financial Services Limited staff. We work as an inclusive team where new ideas and diversity is encouraged.

To our shareholders, customers and community stakeholders, thank you for relationships we have built over the year and we look forward to working with you in 2023.

Shelley McLean
Senior Group Manager

Directors' report.

For year ended 30 June 2023.

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 2023.

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: **Kathleen Mary Holland**

Title: Non-executive director

Experience and expertise: BSc. Owner and Financial Manager of Wallan Family Practice GP clinic for the last 22 years. Past President of the Rotary Club of Southern Mitchell, currently serving as Secretary.

Special responsibilities: Chairperson, member of all board sub-committees

Name: **Walter Hilaire Mott**

Title: Non-executive director

Experience and expertise: 60 years in newspaper industry, 37 years in property development investments, 43 years in farming. Chairman of several family companies. Apprenticeship at the Melbourne School of Printing and Graphic Arts. Life Member Whittlesea Agricultural Society.

Special responsibilities: Chair Project committee, Member CIMC and Governance committee

Name: **Susan Louise Marstaeller OAM**

Title: Non-executive director

Experience and expertise: Former Mitchell Shire Mayor and 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: **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.

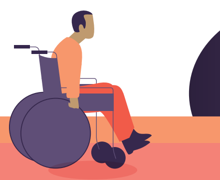
Special responsibilities: Treasurer, Chair Financial Committee, Member CIMC, Audit & Risk, Projects and HR Committees

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). Current employment – General Manager for a Civil Concrete Precast Company 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 years at NAB have been easily transferable into private enterprise.

Special responsibilities: Chair HR Committee, Member CIMC, Financial and Audit and Risk Committees



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 Events Committee, Member CIMC committee

Name: **David Ian Atkinson**

Title: Non-executive director

Experience and expertise: Accountant, BAS Agent, B.Bus G.A.I.C.D. Current; Treasurer and Secretary Mitchell Lodge#929, Past: Secretary BEAM Mitchell Environment Group, Secretary Kilmore & District Mens Shed. Treasurer and Secretary Mitchell Lodge#929, Treasurer BEAM Mitchell Environment 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.

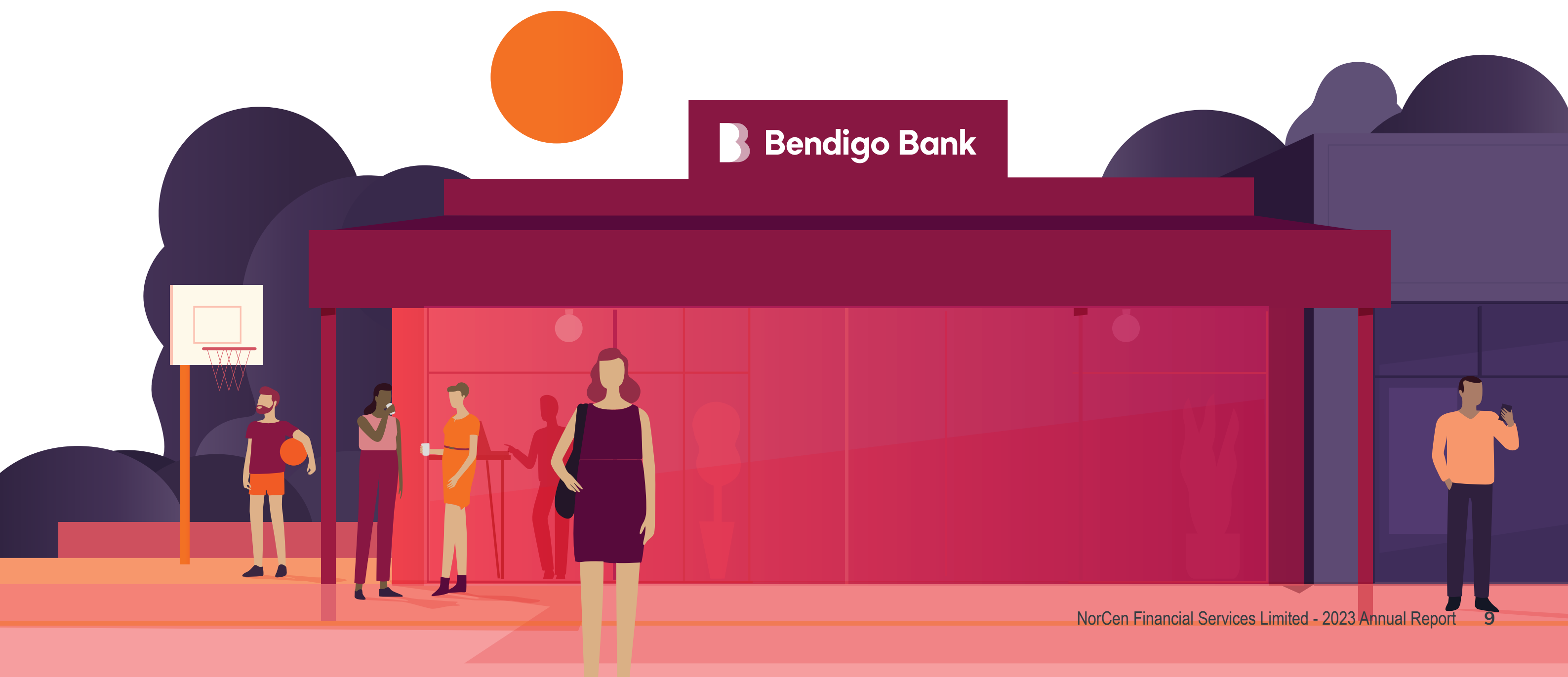
Special responsibilities: Chair Audit and Risk Committee, Member CIMC and Financial Committees

Name: **David Allan Wheeler**

Title: Non-executive director (resigned 20 July 2023)

Experience and expertise: 25 years self employed in small business, prior post office licensee, past treasurer for Valley Financial Services Ltd, chairperson, served as member of all sub-committees.

Special responsibilities: Chairperson, member of all board sub-committees



Directors' report.

(Continued)

Company secretary

The company secretary is Susan Louise Marstaeller OAM. Susan was appointed to the position of company secretary 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 $1,151,154 (30 June 2022: $644,341).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividends

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

	Consolidated
	2023 $
Interim fully franked dividend of 3 cents per share (2022: nil cents)	189,371
Final fully franked dividend of 2 cents per share (2022: nil cents)	126,247
	315,618

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 financial year, the company has commenced steps to transfer all assets from NorCen Properties Pty Ltd to NorCen Financial Services Ltd as they are looking to wind up the subsidiary company.

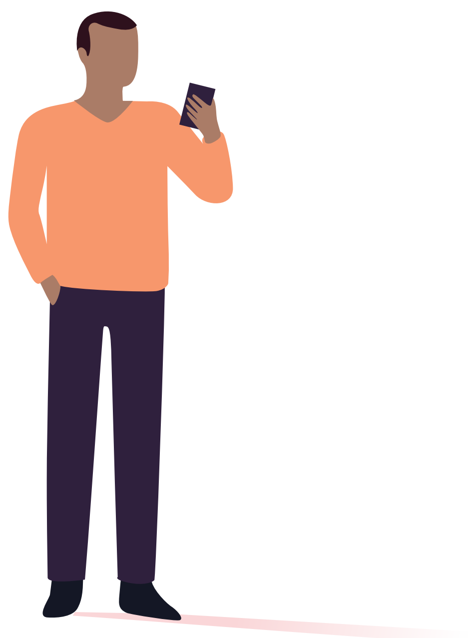
No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

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
Kathleen Mary Holland	11	9
Walter Hilaire Mott	11	8
Susan Louise Marstaeller OAM	11	10
Sheree Elise Tivendale	11	11
Ortensio Caroli	11	11
Benjamin John Gregory	11	8
David Ian Atkinson	11	10
David Allan Wheeler	11	11

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 28 and note 29 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
Kathleen Mary Holland	6,840	-	6,840
Walter Hilaire Mott	423,172	68,206	491,378
Susan Louise Marstaeller OAM	17,107	-	17,107
Sheree Elise Tivendale	27,360	-	27,360
Ortensio Caroli	4,420	-	4,420
Benjamin John Gregory	1,000	-	1,000
David Ian Atkinson	134,748	-	134,748
David Allan Wheeler	39,672	-	39,672

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.

Directors' report.

(Continued)

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 30 to the accounts.

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Kathleen Mary Holland
Chairperson

25 September 2023

Auditor’s independence declaration.

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

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

As lead auditor for the audit of NorCen Financial Services Ltd for the year ended 30 June 2023, 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: 25 September 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements.

Consolidated statement of profit or loss and other comprehensive income.
For the year ended 30 June 2023.

	Consolidated		
	Note	2023 $	2022 $
Revenue from contracts with customers	6	4,847,005	3,751,265
Other revenue	7	281,425	285,229
Finance revenue		1,210	72
Total revenue		5,129,640	4,036,566
Employee benefits expense	8	(1,926,918)	(1,947,890)
Advertising and marketing costs		(52,161)	(47,465)
Occupancy and associated costs		(182,476)	(137,235)
System costs		(77,527)	(87,863)
Depreciation and amortisation expense	8	(368,964)	(292,762)
Finance costs	8	(125,263)	(83,905)
General administration expenses		(330,893)	(279,077)
Total expenses before community contributions and income tax		**(3,064,202)**	**(2,876,197)**
Profit before community contributions and income tax expense		**2,065,438**	**1,160,369**
Charitable donations, sponsorships and grants expense		(512,488)	(281,146)
Profit before income tax expense		**1,552,950**	**879,223**
Income tax expense	9	(401,796)	(234,882)
Profit after income tax expense for the year	**23**	**1,151,154**	**644,341**

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	22	-	1,157,579
Other comprehensive income for the year, net of tax		-	1,157,579
Total comprehensive income for the year		**1,151,154**	**1,801,920**

		Cents	Cents
Basic earnings per share	32	18.24	10.21
Diluted earnings per share	32	18.24	10.21

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

Bendigo Bank

Consolidated statement of financial position.
As at 30 June 2023.

		Consolidated	
Assets	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	10	328,079	273,090
Trade and other receivables	11	420,901	375,360
Total current assets		**748,980**	**648,450**
Non-current assets			
Investment properties	14	26,093	-
Property, plant and equipment	12	8,169,606	7,699,894
Right-of-use assets	13	226,521	256,669
Intangible assets	15	55,933	95,124
Total non-current assets		**8,478,153**	**8,051,687**
Total assets		**9,227,133**	**8,700,137**
Liabilities			
Current liabilities			
Trade and other payables	16	319,154	238,563
Borrowings	17	1,044,336	768,323
Lease liabilities	18	75,017	50,930
Current tax liabilities	9	294,493	158,397
Employee benefits	19	105,545	96,364
Total current liabilities		**1,838,545**	**1,312,577**
Non-current liabilities			
Trade and other payables	16	8,202	78,903
Borrowings	17	680,099	1,391,178
Lease liabilities	18	225,435	256,625
Deferred tax liabilities	9	599,602	626,454
Employee benefits	19	12,056	8,155
Lease make good provision	20	30,265	28,852
Total non-current liabilities		**1,555,659**	**2,390,167**
Total liabilities		**3,394,204**	**3,702,744**
Net assets		**5,832,929**	**4,997,393**
Equity			
Issued capital	21	1,003,089	1,003,089
Reserves	22	1,679,466	1,679,466
Retained earnings	23	3,150,374	2,314,838
Total equity		**5,832,929**	**4,997,393**

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

Financial statements. (continued)

Consolidated statement of changes in equity.
For the year ended 30 June 2023.

Consolidated	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	25	-	-	(347,180)	(347,180)
Balance at 30 June 2022		**1,003,089**	**1,679,466**	**2,314,838**	**4,997,393**

Consolidated	Notes	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2022		**1,003,089**	**1,679,466**	**2,314,838**	**4,997,393**
Profit after income tax expense		-	-	1,151,154	1,151,154
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		**-**	**-**	**1,151,154**	**1,151,154**
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(315,618)	(315,618)
Balance at 30 June 2023		**1,003,089**	**1,679,466**	**3,150,374**	**5,832,929**

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

Consolidated statement of cash flows.
For the year ended 30 June 2023.

		Consolidated	
	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,591,949	4,410,652
Payments to suppliers and employees (inclusive of GST)		(3,527,477)	(3,196,560)
Interest received		1,210	72
Interest and other finance costs paid		(108,812)	(68,002)
Income taxes paid		(292,552)	(167,026)
Net cash provided by operating activities	**31**	**1,664,318**	**979,136**
Cash flows from investing activities			
Payments for property, plant and equipment	12	(739,275)	(41,412)
Payments for intangible assets		(41,074)	(41,074)
Net cash used in investing activities		**(780,349)**	**(82,486)**
Cash flows from financing activities			
Proceeds from borrowings		464,000	240,000
Repayment of lease liabilities	18	(78,296)	(54,984)
Dividends paid	25	(315,618)	(347,180)
Repayment of borrowings		(899,066)	(800,062)
Net cash used in financing activities		**(828,980)**	**(962,226)**
Net increase/(decrease) in cash and cash equivalents		**54,989**	**(65,576)**
Cash and cash equivalents at the beginning of the financial year		273,090	338,666
Cash and cash equivalents at the end of the financial year	10	328,079	273,090

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

Notes to the financial statements.

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 1. Reporting entity

The consolidated financial report for NorCen Financial Services Ltd (the company) and its subsidiaries (together referred to as the group), which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.'

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 September 2023. The directors have the power to amend and reissue the financial statements.

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 2022, 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 36.

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 2023 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.

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 2023.

Non-financial assets

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

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

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 financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

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

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 assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of 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.

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 group has 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 in December 2024.

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

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

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

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

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.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 6. Revenue from contracts with customers

	Consolidated	
	2023 $	2022 $
Margin income	4,429,521	3,274,042
Fee income	244,457	265,147
Commission income	173,027	212,076
	4,847,005	**3,751,265**

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.

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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income

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

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

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

Commission income

Commission income is 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 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.

Note 7. Other revenue

	Consolidated	
	2023 $	2022 $
Market development fund	32,500	38,125
Rental income	247,009	240,604
Other income	1,916	6,500
	281,425	**285,229**

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.
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.

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.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

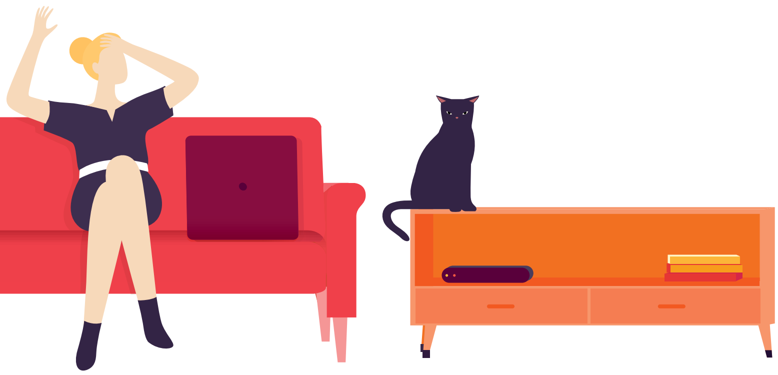
Note 8. Expenses

Employee benefits expense

	Consolidated	
	2023 $	2022 $
Wages and salaries	1,578,803	1,624,176
Non-cash benefits	-	4,298
Superannuation contributions	173,434	170,347
Expenses related to long service leave	2,780	(32,278)
Other expenses	171,901	181,347
	1,926,918	**1,947,890**

Depreciation and amortisation expense

	Consolidated	
Depreciation of non-current assets	2023 $	2022 $
Buildings	149,240	110,644
Leasehold improvements	58,911	57,584
Plant and equipment	49,025	46,217
Furniture and fittings	12,387	8,206
	269,563	**222,651**
Depreciation of right-of-use assets		
Leased land and buildings	41,461	40,255
Investment property	18,749	-
	60,210	**40,255**
Amortisation of intangible assets		
Franchise fee	6,520	16,271
Franchise renewal fee	32,671	13,585
	39,191	**29,856**
	368,964	**292,762**



Finance costs

	Consolidated	
	2023 $	2022 $
Bank loan interest paid or accrued	108,812	68,002
Lease interest expense	15,038	14,556
Unwinding of make good provision	1,413	1,347
	125,263	**83,905**

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

Leases recognition exemption

	Consolidated	
	2023 $	2022 $
Expenses relating to low-value leases	29,267	39,043

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 leases. Expenses relating to low-value exempt leases are included in system costs expenses.

Note 9. Income tax

	Consolidated	
Income tax expense	2023 $	2022 $
Current tax	428,647	251,031
Movement in deferred tax	(26,851)	369,710
Deferred tax recognised at FVTOCI	-	(385,859)
Aggregate income tax expense	401,796	234,882

Prima facie income tax reconciliation

Profit before income tax expense	1,552,950	879,223
Tax at the statutory tax rate of 25%	388,238	219,806
Tax effect of:		
- Non-deductible expenses	3,267	3,387
	391,505	**223,193**
Difference in subsidiary tax rates	10,291	11,689
Income tax expense	**401,796**	**234,882**

The subsidiary of the company is taxed at 30%. The effect of the difference in tax rates on income tax expense is $10,291 (2022: $11,689).

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Bendigo Bank

Note 9. Income tax. (Continued)

Deferred tax liabilities/(assets)	Consolidated 2023 $	Consolidated 2022 $
Property, plant and equipment	649,578	673,318
Right-of-use assets	63,154	64,167
Lease liabilities	(75,113)	(76,889)
Employee benefits	(29,400)	(26,130)
Provision for lease make good	(7,566)	(7,212)
Accrued expenses	(1,051)	(800)
Deferred tax liability	**599,602**	**626,454**

	Consolidated 2023 $	Consolidated 2022 $
Provision for income tax	294,493	158,397

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

	Consolidated 2023 $	Consolidated 2022 $
Cash at bank and on hand	328,079	273,090

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.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 11. Trade and other receivables

	Consolidated	
	2023 $	2022 $
Trade receivables	393,771	346,415
Other receivables and accruals	7,170	7,181
Prepayments	19,960	21,764
	27,130	**28,945**
	420,901	**375,360**

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

	Consolidated	
	2023 $	2022 $
Land - at fair value	1,621,606	1,320,269
Buildings - at fair value	5,885,476	5,515,473
Less: Accumulated depreciation	(156,223)	(6,983)
	5,729,253	**5,508,490**
Leasehold improvements - at cost	600,844	540,579
Less: Accumulated depreciation	(350,423)	(291,512)
	250,421	**249,067**
Plant and equipment - at fair value	552,966	552,966
Less: Accumulated depreciation	(49,054)	(29)
	503,912	**552,937**
Furniture and fittings - at cost	186,898	179,228
Less: Accumulated depreciation	(122,484)	(110,097)
	64,414	**69,131**
	8,169,606	**7,699,894**

Reconciliations of the carrying 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 $	Total $
Balance at 1 July 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**
Additions	301,337	370,003	60,265	-	7,670	739,275
Depreciation expense	**-**	**(149,240)**	**(58,911)**	**(49,025)**	**(12,387)**	**(269,563)**
Balance at 30 June 2023	**1,621,606**	**5,729,253**	**250,421**	**503,912**	**64,414**	**8,169,606**

Additions

During the financial year the company purchased land and building located at 16 McLeod Court.

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.

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.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 13. Right-of-use assets

	Consolidated	
	2023 $	**2022 $**
Land and buildings - right-of-use	512,714	510,149
Less: Accumulated depreciation	(286,193)	(253,480)
	226,521	**256,669**

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

Consolidated	Leased land and buildings
Balance at 1 July 2021	**244,901**
Additions	49,577
Remeasurement adjustments	2,446
Depreciation expense	(40,255)
Balance at 30 June 2022	**256,669**
Remeasurement adjustments	11,313
Depreciation expense	(41,461)
Balance at 30 June 2023	**226,521**

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 18 for more information on lease arrangements.

Note 14. Investment properties

	Consolidated	
	2023 $	2022 $
Investment property - sublease - at cost	53,590	-
Less: Accumulated depreciation	(27,497)	-
	26,093	**-**

Reconciliation

Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening amount	-	-
Additions	40,827	-
Remeasurement adjustments	4,015	-
Depreciation expense	(18,749)	-
Closing amount	**26,093**	**-**

The operating sublease is a monthly periodic lease which commenced January 2022 and due to expire November 2024.

Accounting policy for investment properties - sublease

The company subleases some of its property. The company initially measures the head lease in accordance with the accounting policies in note 18 'Lease liabilities' and note 13 'Right-of-use assets' before separately identifying the sublease portion under AASB 140: Investment property. The investment property is initially measured at cost under AASB 16: leases and subsequently measured at cost less accumulated depreciation under AASB 140: investment properties. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

Accounting policy for subleases

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 15. Intangible assets

	Consolidated	
	2023 $	2022 $
Franchise fee	69,275	69,275
Less: Accumulated amortisation	(59,941)	(53,421)
	9,334	**15,854**
Franchise renewal fee	188,607	188,607
Less: Accumulated amortisation	(142,008)	(109,337)
	46,599	**79,270**
	55,933	**95,124**

Notes to the financial statements. (continued)

Notes to the consolidated financial statements. For the year ended 30 June 2023.
Note 15. Intangible assets. (Continued)

Reconciliations of the carrying 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 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**
Amortisation expense	(6,520)	(32,671)	(39,191)
Balance at 30 June 2023	**9,334**	**46,599**	**55,933**

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 and adjusted, if appropriate, at each reporting date.

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 16. Trade and other payables

	Consolidated	
Current liabilities	2023 $	2022 $
Trade payables	56,867	45,637
Other payables and accruals	262,287	192,926
	319,154	**238,563**

Non-current liabilities		
Trade payables	-	45,182
Other payables and accruals	8,202	33,721
	8,202	**78,903**

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 17. Borrowings

	Consolidated	
Current liabilities	2023 $	2022 $
Bank loans	1,044,336	768,323

Non-current liabilities		
Bank loans	680,099	1,391,178

Bank loans

Bank loans are repayable monthly. Interest is recognised at rate of 5.967% (2022: 3.853%). 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.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 18. Lease liabilities

	Consolidated	
Current liabilities	2023 $	2022 $
Land and buildings lease liabilities	88,201	64,386
Unexpired interest	(13,184)	(13,456)
	75,017	**50,930**
Non-current liabilities		
Land and buildings lease liabilities	250,967	291,824
Unexpired interest	(25,532)	(35,199)
	225,435	**256,625**

	Consolidated	
Reconciliation of lease liabilities	2023 $	2022 $
Opening balance	307,555	295,960
Additional lease liabilities recognised	-	49,576
Remeasurement adjustments	56,155	2,446
Lease interest expense	15,038	14,556
Lease payments - total cash outflow	(78,296)	(54,983)
	300,452	**307,555**

	Consolidated	
Maturity analysis	2023 $	2022 $
Not later than 12 months	88,201	64,386
Between 12 months and 5 years	211,089	207,908
Greater than 5 years	39,878	83,916
	339,168	**356,210**

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 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 leased premises.

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Kilmore Branch	4.79%	5 years	1 x 5 years	Yes	30 April 2029
60 Wellington Street	4.29%	5 years	N/A	N/A	31 October 2024
84 Stanley Street	6.75%	2 years	N/A	N/A	31 January 2025

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 $240,009 (2022: $240,604).

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

	Consolidated	
	2023 $	2022 $
Within 12 months	135,298	155,475
Between one and two years	63,870	135,298
Between two and three years	20,000	63,870
Between three and four years	5,833	20,000
Between four and five years	-	5,833
Total undiscounted lease receivable	**225,001**	**380,476**

Note 19. Employee benefits

	Consolidated	
Current liabilities	2023 $	2022 $
Annual leave	69,818	61,394
Long service leave	35,727	34,970
	105,545	**96,364**

Non-current liabilities		
Long service leave	12,056	8,155

Notes to the financial statements. (continued)

Notes to the consolidated financial statements. For the year ended 30 June 2023.
Note 19. Employee benefits. (Continued)

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.

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 20. Lease make good provision

	Consolidated	
	2023 $	2022 $
Lease make good	30,265	28,852

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 the 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. The 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 as a finance cost.

Note 21. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $	2022 $
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	**6,312,367**	**1,003,089**	**1,003,089**

	Consolidated			
Reconciliation of issued capital movement	2023 Shares	2022 Shares	2023 $	2022 $
Fully paid ordinary shares				
Balance amount at beginning	1,845,720	1,845,720	1,003,089	1,003,089
Bonus shares issued (2.24:1)	4,466,647	4,466,647	-	-
	6,312,367	**6,312,367**	**1,003,089**	**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*.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements. For the year ended 30 June 2023.
Note 21. 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 414 shareholders (2022: 418 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 their associates) has a prohibited shareholding interest in are suspended.

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

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

Note 22. Reserves

	Consolidated	
	2023 $	2022 $
Revaluation surplus reserve	1,679,466	1,679,466

Revaluation surplus reserve

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

Note 23. Retained earnings

	Consolidated	
	2023 $	2022 $
Retained earnings at the beginning of the financial year	2,314,838	2,017,677
Profit after income tax expense for the year	1,151,154	644,341
Dividends paid (note 25)	(315,618)	(347,180)
Retained earnings at the end of the financial year	**3,150,374**	**2,314,838**

Note 24. 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 25. 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.

	Consolidated	
	2023 $	2022 $
Interim fully franked dividend of 3 cents per share (2022: 3.5 cents)	189,371	220,933
Final fully franked dividend of 2 cents per share (2022: 2 cents)	126,247	126,247
	315,618	**347,180**

Franking credits

	Consolidated	
	2023 $	2022 $
Franking account balance at the beginning of the financial year	723,663	672,364
Franking credits (debits) arising from income taxes paid (refunded)	292,551	167,026
Franking debits from the payment of franked distributions	(105,206)	(115,727)
	911,008	**723,663**

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

Balance at the end of the financial year	911,008	723,663
Franking credits (debits) that will arise from payment (refund) of income tax	294,493	158,397
Franking debits that will arise from payment of dividends subsequent to financial year end	-	(42,082)
Franking credits available for future reporting periods	**1,205,501**	**839,978**

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%.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 26. Financial instruments

	Consolidated	
Financial assets	**2023 $**	**2022 $**
Trade and other receivables	400,941	353,596
Cash and cash equivalents	328,079	273,090
	729,020	**626,686**
Financial liabilities		
Trade and other payables	327,356	317,466
Lease liabilities	300,452	307,555
Bank loans	1,724,435	2,159,501
	2,352,243	**2,784,522**

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.

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $328,079 at 30 June 2023 (2022: $273,090).

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.

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, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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 - 2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade payables	319,154	8,202	-	327,356
Bank loans	1,044,336	680,099	-	1,724,435
Lease liability	88,201	211,089	39,878	339,168
Total non-derivatives	**1,451,691**	**899,390**	**39,878**	**2,390,959**

Consolidated - 2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
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**

Note 27. Fair value measurement

Consolidated - 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	7,647,022	-	7,647,022
Total assets	**-**	**7,647,022**	**-**	**7,647,022**

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**

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.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 28. Key management personnel disclosures

The following persons were directors of NorCen Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

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

Compensation

Key management personnel compensation comprised the following.

	Consolidated	
	2023 $	2022 $
Short-term employee benefits	83,554	72,957
Post-employment benefits	8,771	7,296
	92,325	**80,253**

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

Note 29. Related party transactions

The following transactions occurred with related parties:

	Consolidated	
	2023 $	2022 $
The company used the marketing services of one of its directors.		
The total benefit received was:	12,539	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:	30,937	25,316
Other goods and services	195	574

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

Note 30. 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:

	Consolidated	
Audit services	2023 $	2022 $
Audit or review of the financial statements	9,400	7,850
Other services		
Taxation advice and tax compliance services	8,016	7,015
General advisory services	7,215	4,366
Share registry services	7,015	7,531
	22,246	**18,912**
	31,646	**26,762**

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	Consolidated 2023 $	Consolidated 2022 $
Profit after income tax expense for the year	1,151,154	644,341
Adjustments for:		
Depreciation and amortisation	368,964	292,762
Lease liabilities interest	15,038	14,556
Change in operating assets and liabilities:		
- Increase in trade and other receivables	(45,541)	(37,245)
- Increase in trade and other payables	50,964	41,457
- Increase in provision for income tax	136,096	84,005
- Decrease in deferred tax liabilities	(26,852)	(16,149)
- Increase/(decrease) in employee benefits	13,082	(45,938)
- Increase in other provisions	1,413	1,347
Net cash provided by operating activities	**1,664,318**	**979,136**

Note 32. Earnings per share

	Consolidated 2023 $	Consolidated 2022 $
Profit after income tax	1,151,154	644,341
	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	18.24	10.21
Diluted earnings per share	18.24	10.21

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, by the weighted average number of ordinary shares outstanding during the financial year.

Notes to the financial statements. (continued)

Notes to the consolidated financial statements.
For the year ended 30 June 2023.

Note 33. Commitments

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

Note 34. Contingencies

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

Note 35. Events after the reporting period

Since the end of the financial year, the company has commenced steps to transfer all assets from NorCen Properties Pty Ltd to NorCen Financial Services Ltd as they are looking to wind up the subsidiary company.

No other matter or circumstance has arisen since 30 June 2023 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 36. Parent entity information

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

	Parent	
Statement of profit or loss and other comprehensive income	**2023 $**	**2022 $**
Profit after income tax	1,007,069	480,629
Total comprehensive income	**1,007,069**	**1,638,208**

Statement of financial position

	Parent	
	2023 $	**2022 $**
Total current assets	**676,211**	**549,276**
Total assets	**9,114,376**	**8,560,973**
Total current liabilities	**2,270,545**	**1,599,605**
Total liabilities	**3,818,002**	**3,956,050**
Equity		
- Issued capital	1,003,089	1,003,089
- Revaluation surplus reserve	1,679,466	1,679,466
- Retained earnings	2,613,819	1,922,368
Total equity	**5,296,374**	**4,604,923**

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 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023.

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.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2023 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

Kathleen Mary Holland
Chairperson

25 September 2023

Independent audit report.

Andrew Frewin Stewart
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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 2023
- 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 2023 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.

Independent audit report. (continued)

Andrew Frewin Stewart
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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company'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. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

The directors are responsible for overseeing the company's financial reporting process.

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.

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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.

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: 25 September 2023

Joshua Griffin
Lead Auditor

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Notes.

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