

NorCen Financial Services Ltd

ABN 32 119 493 113

Consolidated Half-year Financial Report - 31 December 2024

NorCen Financial Services Ltd

Directors' report

31 December 2024

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 half-year ended 31 December 2024.

Directors

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

Kathleen Mary Holland	Jane Lovell
Sheree Elise Tivendale	Priya Nair (appointed 26 November 2024)
Ortensio Caroli	Ian Gillon (appointed 26 November 2024)
Benjamin John Gregory	Susan Louise Marstaeller OAM (ceased)
David Ian Atkinson	Walter Hilaire Mott (resigned 26 November 2024)

Principal activity

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

Review of operations

The profit for the group after providing for income tax amounted to \$356,517 (31 December 2023: \$303,383).

Significant changes in the state of affairs

During the period, the company renewed its franchise agreement with Bendigo Bank for a 5-year term, increasing the company's intangible assets and trade and other payables.

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

Matters subsequent to the end of the financial half-year

Since the half-year ended, the group has elected to sell the property at 16 McLeod Street. Refer to Likely Developments in the Directors report for further details.

No other matter or circumstance has arisen since 31 December 2024 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 directors have resolved to commence the winding up of NorCen Properties. In line with this decision, the Group intends to undertake the following actions:

- Sell 16 McLeod Court: The property will be disposed of, with proceeds to be used for the repayment of debts.
- Subdivide the Broadford Land: Plans are underway to source initial subdivision reports, subject to regulatory approvals, to enhance its value and provide opportunities for future sale or development.

The directors will continue to oversee these matters to ensure the best outcome for the Group and its stakeholders.

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.

NorCen Financial Services Ltd
Directors' report
31 December 2024

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Kathleen Mary Holland
Chairperson

11 March 2025



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

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

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2024 there have been no contraventions of:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written in a cursive style.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 11 March 2025

A handwritten signature in black ink, appearing to read 'Adrian Downing', written in a cursive style.

Adrian Downing
Lead Auditor

NorCen Financial Services Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated	
		31-Dec-24	31-Dec-23
		\$	\$
Revenue from contracts with customers	3	2,039,940	2,014,761
Other revenue		122,367	92,280
Finance revenue		123	680
Total revenue		<u>2,162,430</u>	<u>2,107,721</u>
Employee benefits expense		(1,002,961)	(1,000,175)
Advertising and marketing costs		(28,670)	(14,248)
Occupancy and associated costs		(57,414)	(63,946)
Systems costs		(44,271)	(47,944)
Depreciation and amortisation expense		(195,149)	(203,255)
Finance costs		(47,175)	(60,385)
General administration expenses		(195,859)	(175,823)
Impairment of assets		-	(26,761)
Total expenses before community contributions and income tax		<u>(1,571,499)</u>	<u>(1,592,537)</u>
Profit before community contributions and income tax expense		590,931	515,184
Charitable donations, sponsorships and grants expense		(114,994)	(110,067)
Profit before income tax expense		475,937	405,117
Income tax expense		(119,420)	(101,734)
Profit after income tax expense for the half-year		356,517	303,383
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>356,517</u>	<u>303,383</u>
		Cents	Cents
Basic earnings per share		5.65	4.81
Diluted earnings per share		5.65	4.81

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

NorCen Financial Services Ltd
Consolidated statement of financial position
As at 31 December 2024

	Consolidated	
	31-Dec-24	30-Jun-24
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	137,970	282,848
Trade and other receivables	360,684	374,150
Total current assets	<u>498,654</u>	<u>656,998</u>
Non-current assets		
Sub-lease investment property	-	6,620
Property, plant and equipment	6,191,847	6,260,996
Right-of-use assets	171,249	192,351
Intangibles	208,750	19,280
Total non-current assets	<u>6,571,846</u>	<u>6,479,247</u>
Total assets	<u>7,070,500</u>	<u>7,136,245</u>
Liabilities		
Current liabilities		
Trade and other payables	180,566	190,431
Borrowings	546,678	558,021
Lease liabilities	53,668	69,293
Current tax liabilities	86,114	86,014
Employee benefits	133,248	85,997
Total current liabilities	<u>1,000,274</u>	<u>989,756</u>
Non-current liabilities		
Trade and other payables	140,110	8,204
Borrowings	483,765	796,841
Lease liabilities	161,270	176,169
Deferred tax liabilities	136,513	161,026
Employee benefits	22,385	14,407
Provisions	32,491	31,734
Total non-current liabilities	<u>976,534</u>	<u>1,188,381</u>
Total liabilities	<u>1,976,808</u>	<u>2,178,137</u>
Net assets	<u>5,093,692</u>	<u>4,958,108</u>
Equity		
Issued capital	1,003,089	1,003,089
Reserves	442,194	442,194
Retained earnings	3,648,409	3,512,825
Total equity	<u>5,093,692</u>	<u>4,958,108</u>

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

NorCen Financial Services Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

Consolidated	Note	Issued capital \$	Revaluation reserve	Retained earnings \$	Total equity \$
Balance at 1 July 2023		1,003,089	1,679,466	3,150,374	5,832,929
Profit after income tax expense		-	-	303,383	303,383
Other comprehensive income, net of tax		-	(1,237,272)	-	(1,237,272)
Total comprehensive income		-	(1,237,272)	303,383	(933,889)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	4	-	-	(189,371)	(189,371)
Balance at 31 December 2023		<u>1,003,089</u>	<u>442,194</u>	<u>3,264,386</u>	<u>4,709,669</u>
Balance at 1 July 2024		1,003,089	442,194	3,512,825	4,958,108
Profit after income tax expense		-	-	356,517	356,517
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	356,517	356,517
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	4	-	-	(220,933)	(220,933)
Balance at 31 December 2024		<u>1,003,089</u>	<u>442,194</u>	<u>3,648,409</u>	<u>5,093,692</u>

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

NorCen Financial Services Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	Consolidated	
		31-Dec-24	31-Dec-23
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,397,807	2,410,388
Payments to suppliers and employees (inclusive of GST)		(1,701,222)	(1,725,469)
Interest received		123	680
Interest and other finance costs paid		(40,942)	(52,337)
Income taxes paid		(143,833)	(100,340)
		<u>511,933</u>	<u>532,922</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment		(63,853)	(14,144)
		<u>(63,853)</u>	<u>(14,144)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings		-	189,371
Repayment of borrowings		(324,419)	(480,353)
Interest and other finance costs paid		(5,476)	(7,325)
Dividends paid	4	(220,933)	(189,371)
Repayment of lease liabilities		(42,130)	(39,143)
		<u>(592,958)</u>	<u>(526,821)</u>
Net cash used in financing activities			
Net decrease in cash and cash equivalents		(144,878)	(8,043)
Cash and cash equivalents at the beginning of the financial half-year		<u>282,848</u>	<u>328,079</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>137,970</u></u>	<u><u>320,036</u></u>

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

NorCen Financial Services Ltd
Notes to the consolidated financial statements
31 December 2024

Note 1. Material accounting policy information

These consolidated general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

These general purpose financial statements do not include all of the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the period.

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

Note 2. Economic dependency

The company 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 revenue under the franchise agreement. The franchise agreement expires in December 2029.

The directors have a reasonable expectation that a new franchise agreement will be signed prior to the expiry date.

Note 3. Revenue from contracts with customers

	Consolidated	
	31-Dec-24	31-Dec-23
	\$	\$
Margin income	1,824,211	1,806,920
Fee income	131,101	120,294
Commission income	84,628	87,547
	<u>2,039,940</u>	<u>2,014,761</u>

Disaggregation of revenue

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

Note 4. Dividends

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

	Consolidated	
	31-Dec-24	31-Dec-23
	\$	\$
Fully franked dividend of 3.5 cents per share (31-Dec-23: 3 cents)	<u>220,933</u>	<u>189,371</u>

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

NorCen Financial Services Ltd
Notes to the consolidated financial statements
31 December 2024

Note 5. Fair value measurement

Some of the group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: 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

There were no transfers between levels during the financial half-year.

Consolidated - 31-Dec-24	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Land and buildings	-	6,130,000	-	6,130,000
Total assets	-	6,130,000	-	6,130,000
Consolidated - 30-Jun-24	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Land and buildings	-	6,130,000	-	6,130,000
Total assets	-	6,130,000	-	6,130,000

Note 6. Contingent assets and liabilities

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

Note 7. Related party transactions

The company has related party transactions that include remuneration to directors. These related party transactions are consistent with those disclosed in the company's financial report for the year ended 30 June 2024. There have been no significant changes to the nature or amount of these related party transactions during the half-year ended 31 December 2024.

Note 8. Events after the reporting date

Since the half-year ended, the group has elected to sell the property at 16 McLeod Street. Refer to Likely Developments in the Directors report for further details.

No other matter or circumstance has arisen since 31 December 2024 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.

NorCen Financial Services Ltd
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Kathleen Mary Holland
Chairperson

11 March 2025



Andrew Frewin Stewart
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03 5443 0344

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of NorCen Financial Services Ltd (the company), which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of NorCen Financial Services Ltd does not present fairly, in all material respects, the company's financial position at 31 December 2024, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Responsibility of the directors for the financial report

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



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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written in a cursive style.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 11 March 2025

A handwritten signature in black ink, appearing to read 'A. Downing', written in a cursive style.

Adrian Downing
Lead Auditor