

Daylesford District Community Developments Limited
ABN: 72 149 942 067

Interim Financial Report

For the Half Year Ended 31 December 2019

Daylesford District Community Developments Limited

ABN 72 149 942 067

Directors' Report

Your Directors submit the Financial Report of Daylesford District Community Developments Limited (the Company) for the half year ended 31 December 2019.

Directors

The names of Directors who held office during or since the end of the half-year:

Marek Julius Rak (Chair)
Peter John Benedict Duncan AO
Marianne Dunham (appointed 24 September 2019)
Philip Roy Gay
Margaret Catherine Hodge
Joan Mary Janssen
Carol Louise Ross
Jennifer Marion Russell (resigned 19 November 2019)
David John Smith (resigned 28 November 2019)
Gregory Eugene Thompson (resigned 19 November 2019)
Victor Szwed

Principal activities

The principal activities of the Company during the course of the financial period were providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Review and results of operations

The net profit of the Company for the financial period after provision for income tax was \$84,168 (December 2018: \$82,198). The Company's business portfolio grew by \$4.515 million to \$113.534 million, a 4.1% increase over the 6 months to 31 December 2019. Revenue from ongoing operations was 6.7% higher than the previous corresponding period. Cash flow from operations was 21% lower than the previous corresponding period in 2018 due to a payment to the Bendigo Bank Community Enterprise Foundation in July 2019 relating to sponsorships in the previous year.

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this Report.

Auditor's independence declaration

The Auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 3.

The Directors' Report is signed in accordance with a resolution of the Board of Directors at Daylesford on 10 March 2020.


Philip Gay
Director


Marek Rak
Chair

Dated: 10 March 2020

Daylesford District Community Developments Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Board of Daylesford District Community Developments Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

PPT Audit Pty Ltd

PPT Audit Pty Ltd



Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

9 March 2020

Daylesford District Community Developments Limited
ABN 72 149 942 067
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019

	Half-Year Ended 31 Dec 2019 \$	Half-Year Ended 31 Dec 2018 \$
Income		
Revenue	471,308	441,686
	<u>471,308</u>	<u>441,686</u>
Expenses		
Employee benefits expense	185,838	184,526
Depreciation and amortisation	17,495	15,835
Administration and general costs	21,314	23,956
Finance costs	2,730	327
Occupancy expenses*	30,677	33,737
IT costs	17,108	17,096
ATM costs	3,229	1,916
Motor vehicle expenses	4,319	4,736
Board expenses	4,157	3,251
Other expenses	41,261	33,673
	<u>328,128</u>	<u>319,053</u>
Profit before charitable donations & sponsorships	<u>143,180</u>	<u>122,633</u>
Charitable donations and sponsorship	27,086	9,257
Profit / (loss) before income tax	<u>116,094</u>	<u>113,376</u>
Income tax expense / (benefit)	31,926	31,178
Profit / (loss) for the period	<u>84,168</u>	<u>82,198</u>
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>84,168</u></u>	<u><u>82,198</u></u>
Profit / (loss) attributable to members of the company	84,168	82,198
Total comprehensive income attributable to members of the company	<u><u>84,168</u></u>	<u><u>82,198</u></u>
Earnings per share (cents per share)		
- basic earnings per share	14.03	13.70
- diluted earnings per share	14.03	13.70

*Occupancy expenses includes \$25,898 right of use depreciation - refer note 1(b) for more detail.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives.

The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Daylesford District Community Developments Limited

ABN 72 149 942 067

Statement of Financial Position

as at 31 December 2019

	As at 31 Dec 2019 \$	As at 30 Jun 2019 \$
ASSETS		
Current Assets		
Cash and cash equivalents	173,082	91,187
Trade and other receivables	86,822	84,255
Financial assets	51,129	50,463
Prepayments	24,035	32,049
Total Current Assets	335,068	257,954
Non-Current Assets		
Property, plant and equipment	71,882	89,377
Deferred tax assets	30,456	62,382
Right of use assets	86,682	-
Total Non-Current Assets	189,020	151,759
Total Assets	524,088	409,713
LIABILITIES		
Current Liabilities		
Trade and other payables	62,861	111,128
Lease liability	51,832	
Provisions	30,890	39,791
Total Current Liabilities	145,583	150,919
Non-Current Liabilities		
Lease liability	36,136	-
Provisions	1,152	1,745
Total Non-Current Liabilities	37,288	1,745
Total Liabilities	182,871	152,664
Net Assets	341,217	257,049
Equity		
Issued capital	575,520	575,520
Retained earnings / (Accumulated losses)	(234,303)	(318,471)
Total Equity	341,217	257,049

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives.

The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Daylesford District Community Developments Limited

ABN 72 149 942 067

Statement of Changes in Equity
for the half-year ended 31 December 2019

	Note	Issued Capital \$	Retained earnings \$	Total Equity \$
Balance at 1 July 2018		575,520	(349,284)	226,236
Total comprehensive income for the period		-	82,198	82,198
<i>Transactions with owners in their capacity as owners:</i>				
Dividends recognised for the period	5	-	-	-
Balance at 31 December 2018		<u>575,520</u>	<u>(267,086)</u>	<u>308,434</u>
Balance at 1 July 2019		575,520	(318,471)	257,049
Total comprehensive income for the period		-	84,168	84,168
<i>Transactions with owners in their capacity as owners:</i>				
Dividends recognised for the period	5	-	-	-
Balance at 31 December 2019		<u>575,520</u>	<u>(234,303)</u>	<u>341,217</u>

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Daylesford District Community Developments Limited
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Statement of Cash Flows
for the half-year ended 31 December 2019

	Half-Year Ended 31 Dec 2019 \$	Half-Year Ended 31 Dec 2018 \$
Cash Flows From Operating Activities		
Receipts from customers	468,068	436,863
Payments to suppliers and employees	(358,839)	(299,378)
Interest paid	(2,730)	(327)
Taxes paid	-	(1,458)
Interest received	673	-
Net cash flows from operating activities	107,172	135,700
Cash Flows From Investing Activities		
Payments for property, plant and equipment	-	-
Net cash flows from used in investing activities	-	-
Cash Flows From Financing Activities		
Repayment of borrowings	-	(8,333)
Repayment of lease liabilities	(24,611)	-
Net cash flows used in financing activities	(24,611)	(8,333)
Net increase in cash held	82,561	127,367
Cash and cash equivalents at beginning of period	141,650	(8,886)
Cash and cash equivalents at end of period	224,211	118,481

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives.
The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Daylesford District Community Developments Limited
ABN 72 149 942 067
Notes to the Financial Statements
for the half-year ended 31 December 2019

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose interim Financial Statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim Financial Report is intended to provide users with an update on the latest Annual Financial Statements of Daylesford District Community Developments Limited ("the Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this Financial Report be read in conjunction with the Annual Financial Statements of the Company for the year ended 30 June 2019, together with any public announcements made during the following half-year.

(b) Accounting policies and standards

The same accounting policies have been applied in this interim financial report as were applied in the most recent annual financial statements, with the exception of the adoption of new accounting standards as set out below.

Adoption of new and revised accounting standards

All accounting standards which became effective for the first time in the reporting period ended 31 December 2019 have been adopted by the Company. The adoption of these standards has not caused any material adjustment to the reported financial position, performance or cash flow of the Group.

Leases - adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;

- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 31 December 2019 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

The Company has assessed its leases and has identified the impact on the amounts and disclosures in the financial statements as a result of the adoption of AASB 16 Leases. The adoption of AASB 16 for the lease agreement in relation to the premises has been initially applied as of 1 July 2019, and the corresponding right-of-use asset and lease liabilities have been recognised. The comparatives have been prepared using AASB 117 and related interpretations, and have not been restated.

Leases for Automatic Teller Machines and IT equipment to which the Company is a party are excluded on the basis they do not contain an identifiable asset for the purposes of the standard, as the Bendigo Bank has the power to remove/replace these assets.

Daylesford District Community Developments Limited
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Notes to the Financial Statements
for the half-year ended 31 December 2019

2. Events after the End of the Interim Period

There have been no events subsequent to reporting date that would materially affect the Financial Statements at the reporting date.

3. Contingent assets and liabilities

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

4. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Daylesford and surrounding district.

5. Dividends

	2019	2018
	\$	\$
Dividends recorded during the half year:		
Unfranked dividend	-	-

6. Earnings per share

Basic earnings per share (cents)	14.03	13.70
Earnings used in calculating basic and diluted earnings per share	84,168	82,198

7. Fair Value Measurement

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The Company did not measure any financial assets or financial liabilities at fair value at 31 December 2019 or 31 December 2018.

The Company has a number of financial instruments which are not measured at fair value in the statement of financial position. These had the following fair values as at 31 December 2019:

	31-Dec-19		30-Jun-19	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	173,082	173,082	91,187	91,187
Trade and other receivables	86,822	86,822	84,255	84,255
Total financial assets	<u>259,904</u>	<u>259,904</u>	<u>175,442</u>	<u>175,442</u>
Financial liabilities				
Trade and other payables	62,861	62,861	111,128	111,128
Total financial liabilities	<u>62,861</u>	<u>62,861</u>	<u>111,128</u>	<u>111,128</u>

The carrying amounts of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value.

Daylesford District Community Developments Limited
ABN 72 149 942 067
Directors' Declaration
for the half-year ended 31 December 2019

In accordance with a resolution of the Directors of Daylesford District Community Developments Limited, the Directors of the Company declare that:

- (1) The Financial Statements and Notes, as set out on pages 3 to 8 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

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Philip Gay
Director

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Marek Rak
Chair

Signed at Daylesford on 12 March 2020

Independent Auditor's Review Report

To the Directors of Daylesford District Community Development Ltd

We have reviewed the accompanying half-year financial report of Daylesford District Community Development Limited, which comprises the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a statement of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Daylesford District Community Development Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 other 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Daylesford District Community Development Limited, would be in the same terms if given to the Directors as at the time of this auditor's report. Liability limited by a scheme approved under Professional Standards Legislation.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Daylesford District Community Development Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

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PPT Audit Pty Ltd



Jason D. Hargreaves
Director

Signed at Ballarat
13th March 2020