

---

Fleurieu

Community Enterprises Limited

---

ABN: 72 116 550 157

Annual Report

For the year ended

30 June 2021

# FCE Chair's & Management Report

The past financial year is without precedent. A pandemic, historically low interest rates, all placing severe strains on our income and costs.

Nevertheless, your Board stuck to our strategic plan which sought to find organic, and non-organic, solutions to expand our size and scale to be able to survive and, more importantly, grow. Thanks to the support of our shareholders on 18 September 2020, and those who have joined us from Alexinvest Community Services Ltd, we now have one Community Bank serving the entire Fleurieu Peninsula. This was the first merger of two Community Banks in Australia.

This brought the combined FCE to a new level and we were then in a position to complete the acquisition of the Victor Harbor business from Bendigo & Adelaide Bank on 26 March 2021, and open a new business hub concept, Connect Victor.

These tasks were only achieved through the hard work and commitment of the entire Board with support from Bendigo and our staff. The pain of the journey has incurred some significant expenses reflected in the \$69,597 loss which comes after a near \$50,000 was returned by way of Community Investments. Reaching a footings level (deposits plus loans) of \$265M has been a solid achievement on top of the merger and acquisition work and, with nearly 7,000 customers, we are well positioned to see that grow and move back to profit.

Sadly, on 23 March 2021, we lost Daniel Roach to cancer at the early age of 38. Daniel continued his astonishing support as a Director and Ambassador for the Community Bank up until hours prior to his passing and we are indebted to his work which helped us through these two major transactions in the past financial year. The Board have approved a Gift to be awarded each year in his honour to sponsor a participant of the Fleurieu Future Leaders Program which he was also passionate in supporting.

At this AGM we have 3 Directors stepping down and I would like to pay tribute to the energy and effort these volunteers have contributed to both FCE and ACS respectively. The departure of Carol Gaston, Kym McHugh, and Karyn Thomas is mitigated with the cooption during the year of Alison Hancock and Moira Jenkins who we are delighted to have on the Board and who will be submitting themselves for formal appointment at the AGM.

Subsequent to the year end, we have also seen Sam Bitter return to a corporate role in Bendigo & Adelaide Bank and we wish her well in that new journey. Our new leader Julie Zeilinger will commence her duties on 1 November and brings excellent retail banking, lending and management experience to assist us on the journey of becoming the preferred bank on the Fleurieu Peninsula.

**Ron Logan**

**Chair**

**Fleurieu Community Enterprises Ltd**

7 October 2021

# Fleurieu Community Enterprises Limited

## Directors' Report

The directors present their report together with the consolidated financial statements of the group comprising of Fleurieu Community Enterprises Limited (the company) and its subsidiaries for the financial year ended 30 June 2021.

---

### Directors

---

The directors of the company who held office during the financial year and to the date of this report are:

Ronald Leslie Logan

Chairman

Occupation: Director

Qualifications, experience and expertise: Employed previously as a senior executive and Director with HSBC, CBA, Colonial and TSB (UK). Has worked in the UK, Australia, China, Vietnam and the Philippines. Now resident in Sellicks Hill and operates an aviation and private investment company.

Special responsibilities: Chairman. Member of Finance subcommittee

Interest in shares: 10,000 ordinary shares

Karyn Joy Thomas

Non-executive director

Occupation: Business Consultant

Qualifications, experience and expertise: Graduate member of Australian Institute of Company Directors (GAICD), Masters of Business Administration (MBA) with University of Adelaide, Bachelor of Information Technology (Business Computing and HR Mgmt), Design Thinking & Creativity in Business at INSEAD, Green Belt Lean Six Sigma. An experienced management professional with twenty-five years' experience in business management and development, software development and operations, product development and innovation. Has entrepreneurship experience with a global software scaleup in Canada and as director and owner of the Asia Pacific distributor. Currently working at Nova Systems providing advisory services in strategic management and change management. A past Tour Down Under Coordinator for Willunga Business & Tourism Association.

Special responsibilities: Member of Nominations and Remuneration and Risk subcommittee

Interest in shares: 3,000 ordinary shares

Charles Dominic Rodney Manning

Non-executive director

Occupation: Business Owner

Qualifications, experience and expertise: Owner of Face the World, a Management Consulting firm, He has worked of 20 years coaching/developing Executive Leadership teams with many major corporations and government departments. He is a corporate team coach and facilitator, developer of leaders and managers, helps people to deal with change and plan their lives. Holds a Masters in Applied Science (RMIT), worked for four years in the Commonwealth Dept of Finance and 10 years in the Dept of Defence.

Special responsibilities: Member of Community Investment subcommittee

Interest in shares: nil share interest held

Marissa Harvey

Non-executive director

Occupation: Business Owner and BAS Agent

Qualifications, experience and expertise: Diploma of Accounting & Financial Planning and member of Association of Accounting Technicians. Owner of DataBooks a bookkeeping and business advisory firm. Volunteer of a local sporting club and past volunteer of Fred's Van.

Special responsibilities: Treasurer. Chair of Finance subcommittee

Interest in shares: nil share interest held

# Fleurieu Community Enterprises Limited

## Directors' Report

---

### Directors (*continued*)

---

Kym McHugh

Non-executive director (appointed 5 October 2020)

Occupation: Primary Production (Agriculture)

Qualifications, experience and expertise: Presiding member and / or member of many Local Government / State Government and National Bodies and committees. Former Mayor of Alexandrina Council for 19.5 years.

Special responsibilities: Deputy Chairman

Interest in shares: 1,667 ordinary shares

Carol Gaston

Non-executive director (appointed 5 October 2020)

Occupation: Director

Qualifications, experience and expertise: B App Sc, B Ed (Admin), Grad Dip Env Studies, FAICD, retired Director ECH, retired Director ACHA, provision Audit & Risk Committee, provision of health services and planning consultation at state, national and international level.

Special responsibilities: Chair of Nominations and Remuneration and Risk subcommittee

Interest in shares: 7,000 ordinary shares

Emily Livingston

Non-executive director (appointed 5 October 2020)

Occupation: Graduate Solicitor

Qualifications, experience and expertise: Bachelor of Law and Bachelor of Environmental Policy and Management from University of Adelaide. Graduate Diploma of Legal Practice. Full-time Graduate Solicitor at Southern Coast Legal.

Special responsibilities: Secretary. Member of Community Investment subcommittee, Member of Nominations and Remuneration and Risk subcommittee

Interest in shares: nil share interest held

Lauren McKee

Non-executive director (appointed 5 October 2020)

Occupation: Business Manager

Qualifications, experience and expertise: Bachelor of Business (Administrative Management), Graduate and Member of Australian Institute of Company Directors, Secretary of Alexandrina Connect Inc, career in operations and business management.

Special responsibilities: Chair of Community Investment subcommittee, Member of Finance subcommittee

Interest in shares: nil share interest held

Robert Vanderkamp

Non-executive director (appointed 5 October 2020)

Occupation: Service Manager

Qualifications, experience and expertise: Senior management role in marine and automotive private companies, and Director of private companies.

Special responsibilities: nil

Interest in shares: 29,167 ordinary shares

# Fleurieu Community Enterprises Limited

## Directors' Report

---

### **Directors (continued)**

---

Alison Hancock

Non-executive director (appointed 23 February 2021)

Occupation: Business consultant

Qualifications, experience and expertise: An experienced and results oriented executive with a commercially astute and pragmatic approach across both public and private industry sectors. She has been a leader of multi-disciplinary teams across a range of corporate and business functions to achieve alignment of strategic and operational goals. Qualifications held in Bachelor of Laws and Legal Practice (LLB), Member of the Australian Institute of Company Directors, the Law Society and Women on Boards.

Special responsibilities: Member of the Risk and Governance committee

Interest in shares: nil share interest held

Moira Fay Jenkins

Non-executive director (appointed 23 March 2021)

Occupation: Director / Business Owner; Mayor, City of Victor Harbor

Qualifications, experience and expertise: M.Psych, Grad Dip Conflict Management, PhD. Owner of Aboto Pty Ltd, a Conflict Management Consulting firm. Specialising in Conflict Management Coaching, facilitation of workshops addressing workplace conflicts, working with high conflict people and leadership development.

Special responsibilities: Member of Community Investment subcommittee, Member of Nominations and Remuneration and Risk subcommittee

Interest in shares: nil share interest held

Daniel John Roach

Non-executive director (resigned 23 March 2021)

Occupation: Legal Practitioner

Qualifications, experience and expertise: Holds a Bachelor of Laws and Legal Practice, and a Bachelor of Biotechnology. He owns Roach Corporate Law and has worked for a mid-tier commercial law firm for banking and finance providers. He has operated as the in-house counsel for a state government agency and a venture capital fund.

Special responsibilities: Member of Risk & Governance and Human Resources subcommittees.

Interest in shares: nil share interest held

Elizabeth Williams

Non-executive director (appointed 5 October 2020 and resigned 23 February 2021)

Occupation: Accountant

Qualifications, experience and expertise: Certified Practicing Accountant (CPA), Master of Business (Accountancy), current senior management role in local government.

Special responsibilities: Nil

Interest in shares: nil share interest held

Jordan Daniel Corfield-Higgins

Non-executive director (resigned 23 February 2021)

Occupation: Student

Qualifications, experience and expertise: Volunteering 10 years for the Onkaparinga Youth committee, along with numerous other community committees and events, such as Onkaparinga Australia Day awards committee and the Fleurieu Folk Festival.

Special responsibilities: Member of Audit & Finance subcommittee.

Interest in shares: nil share interest held

# Fleurieu Community Enterprises Limited

## Directors' Report

---

### **Directors (continued)**

---

Juan Edward Smith

Non-executive director (resigned 23 February 2021)

Occupation: Manager Space and Facilities Planning, Flinders University

Qualifications, experience and expertise: Masters in Project Management, Professional Management Certificate and is a qualified Architectural Draftsperson. Has worked in the fields of Space Management, Project Management, Architectural Drafting and as a tutor in CAD design. His community involvement includes Toastmasters, Southern Men's and the Fleurieu Community Enterprises Ltd board.

Special responsibilities: Chair of the Community and Investments subcommittee.

Interest in shares: nil share interest held

Hazel Ann Wainwright

Non-executive director (resigned 23 February 2021)

Occupation: Business Owner

Qualifications, experience and expertise: Funeral Celebrant, Chair of the Aldinga Business and Tourism Association - which assists in promotion of local businesses and supports the local Community, Secretary of Friends of Sellicks - which promotes the local Sellicks Community, Assistant Treasurer of the Southern Vales View Club - which fund raises for individual Primary School children throughout their school years under the umbrella of the Smith Family, Member of the Sellicks and Aldinga Alliance which addresses local social issues, Volunteer for Fred's Van, Mentor of local Primary School children at Aldinga and past Councillor with the Onkaparinga Council.

Special responsibilities: Member of Community Investments subcommittee.

Interest in shares: nil share interest held

Anita Jane Bailetti

Non-executive director (resigned 23 February 2021)

Occupation: Business Owner and Chartered Accountant

Qualifications, experience and expertise: Owner at Bailetti Consulting, a management consulting firm. Previous owner and General Manager at Doc Adams Wines. Bachelor of Management, Bachelor of Commerce, Member of the Institute of Chartered Accountants.

Special responsibilities: Treasurer. Chair of Audit & Finance subcommittee.

Interest in shares: nil share interest held

Directors were in office for this entire year unless otherwise stated.

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

---

### **Company Secretary**

---

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

- Emily Livingston was appointed company secretary on 5 October 2020.
- Karyn Thomas was appointed company secretary on 30 September 2019 and ceased on 5 October 2020.

---

### **Principal activity**

---

The principal activity of the group 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 these activities during the financial year.

# Fleurieu Community Enterprises Limited

## Directors' Report

### Operating results

The loss of the group for the financial year after provision for income tax was:

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
(69,597)	(12,918)

### Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Ronald Leslie Logan	10,000	-	10,000
Karyn Joy Thomas	3,000	-	3,000
Charles Dominic Rodney Manning	-	-	-
Marissa Harvey	-	-	-
Kym McHugh	-	1,667	1,667
Carol Gaston	-	7,000	7,000
Emily Livingston	-	-	-
Lauren McKee	-	-	-
Robert Vanderkamp	-	29,167	29,167
Alison Hancock	-	-	-
Moira Fay Jenkins	-	-	-
Daniel John Roach	-	-	-
Elizabeth Williams	-	-	-
Jordan Daniel Corfield-Higgins	-	-	-
Juan Edward Smith	-	-	-
Hazel Ann Wainwright	-	-	-
Anita Jane Bailetti	-	-	-

### Dividends

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

	Cents per share	Total amount \$
Final unfranked dividend	8.00	57,985

### Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the group's financial performance so far, uncertainty remains on the future impact of COVID-19 to the group's operations.

On 5 October 2020, the company acquired 100% of the shares and voting interest in AlexInvest Community Services Limited (AlexInvest). As a result the assets acquired and liabilities assumed have been transferred to the company. See Note 24 for further details.

On 26 March 2021 the group purchased the Victor Harbor corporate business from Bendigo Bank for \$90,000. This purchase included rights in relation to the income stream from its loans, deposits and other revenue generating business.

In the opinion of the directors there were no other significant changes in the state of affairs of the group that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

# Fleurieu Community Enterprises Limited

## Directors' Report

### Events since the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the group the results of those operations or the state of affairs of the group, in future years.

### Likely developments

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

### Environmental regulation

The group is not subject to any significant environmental regulation.

### 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 30 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.

### Indemnification 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

### Directors' meetings

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

*E - eligible to attend*

*A - number attended*

Ronald Leslie Logan  
 Karyn Joy Thomas  
 Charles Dominic Rodney Manning  
 Marissa Harvey  
 Kym McHugh  
 Carol Gaston  
 Emily Livingston  
 Lauren McKee  
 Robert Vanderkamp  
 Alison Hancock  
 Moira Fay Jenkins  
 Daniel John Roach  
 Elizabeth Williams  
 Jordan Daniel Corfield-Higgins  
 Juan Edward Smith  
 Hazel Ann Wainwright  
 Anita Jane Bailetti

	Board Meetings		Committee Meetings			
			Community Investment		Finance	
	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>
Ronald Leslie Logan	11	10	-	-	1	1
Karyn Joy Thomas	11	3	-	-	-	-
Charles Dominic Rodney Manning	11	5	2	-	-	-
Marissa Harvey	11	11	-	-	1	1
Kym McHugh	9	9	-	-	-	-
Carol Gaston	9	8	-	-	-	-
Emily Livingston	9	9	3	3	-	-
Lauren McKee	9	5	3	3	1	1
Robert Vanderkamp	9	4	-	-	-	-
Alison Hancock	7	6	-	-	-	-
Moira Fay Jenkins	4	2	2	2	-	-
Daniel John Roach	7	4	-	-	-	-
Elizabeth Williams	2	2	-	-	-	-
Jordan Daniel Corfield-Higgins	4	1	-	-	-	-
Juan Edward Smith	4	1	-	-	-	-
Hazel Ann Wainwright	4	-	-	-	-	-
Anita Jane Bailetti	4	-	-	-	-	-



# Fleurieu Community Enterprises Limited

## Directors' Report

---

### 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*.

---

### 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 group are important. Details of the amounts paid or payable to the auditor (Accru Harris Orchard) for audit and non audit services provided during the year are set out in note 29 to the accounts.

The board of directors 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; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the group, acting as an advocate for the group 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 on page 8.

Signed in accordance with a resolution of the directors at Aldinga Beach, South Australia.



---

Ronald Leslie Logan, Chair

Dated this 7th day of October 2021

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Fleurieu Community Enterprises Limited:

As lead auditor for the audit of Fleurieu Community Enterprises Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- + no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- + no contraventions of any applicable code of professional conduct in relation to the audit.



**ACCRU<sup>+</sup> HARRIS ORCHARD**



**BEN WILLINGTON  
DIRECTOR**

Signed at Dulwich on 7 October 2021.

Fleurieu Community Enterprises Limited  
Consolidated Statement of Profit or Loss and Other  
Comprehensive Income  
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	906,415	597,507
Other revenue	9	142,949	97,180
Finance income	10	640	2,250
Employee benefit expenses	11c)	(617,976)	(423,103)
Charitable donations, sponsorship, advertising and promotion		(52,215)	(30,333)
Occupancy and associated costs		(40,202)	(94,130)
Systems costs		(56,423)	(24,581)
Depreciation and amortisation expense	11a)	(164,182)	(37,328)
Finance costs	11b)	(24,622)	(2,385)
General administration expenses		(177,522)	(116,238)
<b>Loss before income tax credit</b>		<b>(83,138)</b>	<b>(31,161)</b>
Income tax credit	12a)	13,541	18,243
<b>Loss after income tax credit</b>		<b>(69,597)</b>	<b>(12,918)</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>(69,597)</b>	<b>(12,918)</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted loss per share:	32a)	(7.58)	(1.78)

The accompanying notes form part of these financial statements

Fleurieu Community Enterprises Limited  
Consolidated Statement of Financial Position  
as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	209,890	243,253
Trade and other receivables	14a)	103,899	62,646
<b>Total current assets</b>		<b>313,789</b>	<b>305,899</b>
<b>Non-current assets</b>			
Property, plant and equipment	15a)	207,684	132,412
Right-of-use assets	16a)	646,630	72,629
Intangible assets	17a)	383,969	11,192
Deferred tax asset	18a)	417,491	101,940
<b>Total non-current assets</b>		<b>1,655,774</b>	<b>318,173</b>
<b>Total assets</b>		<b>1,969,563</b>	<b>624,072</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19a)	102,677	35,618
Loans and borrowings	20a)	60,372	-
Lease liabilities	21a)	128,285	6,778
Employee benefits	23a)	63,163	19,636
<b>Total current liabilities</b>		<b>354,497</b>	<b>62,032</b>
<b>Non-current liabilities</b>			
Trade and other payables	19a)	77,673	-
Loans and borrowings	20b)	449,590	-
Lease liabilities	21b)	588,024	68,741
Employee benefits	23b)	10,237	11,356
Provisions	22a)	78,120	60,463
<b>Total non-current liabilities</b>		<b>1,203,644</b>	<b>140,560</b>
<b>Total liabilities</b>		<b>1,558,141</b>	<b>202,592</b>
<b>Net assets</b>		<b>411,422</b>	<b>421,480</b>
<b>EQUITY</b>			
Issued capital	25a)	842,339	724,815
Accumulated losses	26	(430,917)	(303,335)
<b>Total equity</b>		<b>411,422</b>	<b>421,480</b>

The accompanying notes form part of these financial statements

Fleurieu Community Enterprises Limited  
 Consolidated Statement of Changes in Equity  
 for the year ended 30 June 2021

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>		724,815	(290,417)	434,398
Total comprehensive income for the year		-	(12,918)	(12,918)
<b>Balance at 30 June 2020</b>		<b>724,815</b>	<b>(303,335)</b>	<b>421,480</b>
<b>Balance at 1 July 2020</b>		724,815	(303,335)	421,480
Total comprehensive income for the year		-	(69,597)	(69,597)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period	25	117,524	-	117,524
Dividends provided for or paid	31	-	(57,985)	(57,985)
<b>Balance at 30 June 2021</b>		<b>842,339</b>	<b>(430,917)</b>	<b>411,422</b>

The accompanying notes form part of these financial statements

Fleurieu Community Enterprises Limited  
Consolidated Statement of Cash Flows  
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,297,013	723,742
Payments to suppliers and employees		(1,097,306)	(636,807)
Interest received		882	2,397
Interest paid		(1,150)	-
Lease payments (interest component)	11b)	(20,750)	(882)
Lease payments not included in the measurement of lease liabilities	11d)	(29,822)	(84,364)
<b>Net cash provided by operating activities</b>	27	<b>148,867</b>	<b>4,086</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(7,438)	(1,625)
Payments for intangible assets		(107,855)	(13,651)
<b>Net cash used in investing activities</b>		<b>(115,293)</b>	<b>(15,276)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		550,000	-
Repayment of loans and borrowings		(457,110)	-
Lease payments (principal component)		(101,842)	(8,190)
Dividends paid	31	(57,985)	-
<b>Net cash used in financing activities</b>		<b>(66,937)</b>	<b>(8,190)</b>
<b>Net cash decrease in cash held</b>		<b>(33,363)</b>	<b>(19,380)</b>
Cash and cash equivalents at the beginning of the financial year		243,253	262,633
<b>Cash and cash equivalents at the end of the financial year</b>	13	<b>209,890</b>	<b>243,253</b>

The accompanying notes form part of these financial statements

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 1 Reporting entity

---

This is the consolidated financial report for Fleurieu Community Enterprises Limited (the company) and its subsidiaries (together referred to as the group). The group is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 32, Aldinga Central Shopping Centre 1 Pridham Boulevard Aldinga Beach SA 5173	Shop 32, Aldinga Central Shopping Centre 1 Pridham Boulevard Aldinga Beach SA 5173

Further information on the nature of the operations and principal activity of the group is provided in the directors' report. Information on the group's related party relationships is provided in Note 30.

---

### Note 2 Basis of preparation and statement of compliance

---

#### *Basis of preparation and statement of compliance*

The consolidated 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 consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on an accrual and historical cost basis. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These consolidated financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 7 October 2021.

#### *Basis of consolidation*

#### Business combinations

The group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

#### Subsidiaries

Subsidiaries are entities controlled by the group. The group 'controls' an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 3 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 2020, 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.

---

### Note 4 Summary of significant accounting policies

---

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

#### a) Revenue from contracts with customers

The group has entered into a franchise agreement with Bendigo Bank. The group 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 group. 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 group's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the group's right to receive the payment is established.

The group 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 group's revenue stream is as follows:

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the group 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 Goods and Services Tax (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 group – margin, commission and fee income. Bendigo Bank decides the form of revenue the group earns on different types of products and services.

The revenue earned by the group is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

#### *Margin*

Margin is arrived at through the following calculation:

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

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



# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 4 Summary of significant accounting policies *(continued)*

---

#### a) Revenue from contracts with customers *(continued)*

##### *Commission*

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

The group 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 group, and is a significant judgement area.

##### *Fee income*

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

##### *Core banking products*

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the group 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 group 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 group receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the group 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.

#### b) Other revenue

The group'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 group and can be reliably measured.

<u>Revenue</u>	<u>Revenue recognition policy</u>
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

**Note 4 Summary of significant accounting policies (continued)**

---

**b) Other revenue (continued)***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 group.

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 group retains control over the funds, the funds are not refundable to Bendigo Bank.

*Cash flow boost*

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

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

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

**c) Economic dependency - Bendigo Bank**

The group has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The group is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The group operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The group 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 group 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 group 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 the relevant Bendigo Bank entity to bear as long as the group has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 4 Summary of significant accounting policies (*continued*)

---

#### c) Economic dependency - Bendigo Bank (*continued*)

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 group 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.

#### d) Employee benefits

##### *Short-term 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 group 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 group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The group's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

##### *Defined superannuation contribution plans*

The group contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

##### *Other long-term employee benefits*

The group'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.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 4 Summary of significant accounting policies (*continued*)

---

#### e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

##### *Current income 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.

##### *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.

##### *Goods and Services Tax*

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.

##### *Tax consolidation*

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Fleurieu Community Enterprises Limited. Tax expense, current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

#### f) 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.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 4 Summary of significant accounting policies (*continued*)

---

#### g) 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Building	Straight-line	8 years
Leasehold improvements	Straight-line	1 to 18 years
Plant and equipment	Straight-line	1 to 5 years
Furniture, fixtures and fittings	Straight-line	1 to 5 years

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

#### h) Intangible assets

Intangible assets of the group relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. The group has also acquired a customer list from Bendigo Bank.

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 group and domiciled customer accounts acquired 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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal processing fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Straight-line	5 years
Other intangible assets	Assessed for impairment	Indefinite

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

#### i) 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 group's financial instruments include trade and other debtors and creditors, cash and cash equivalents, borrowings, 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 group 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.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 4 Summary of significant accounting policies (*continued*)

---

#### j) Impairment

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group 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.

##### *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 group'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 group has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the group. The group 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 2021.

##### *Non-financial assets*

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

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

#### k) 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.

#### l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### m) Leases

At inception of a contract, the group assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

##### *As a lessee*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the group's incremental borrowing rate.

The group determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the group is reasonably certain to exercise that option. For leases of property the group has elected to separate lease and non-lease components when calculating the lease liability.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 4 Summary of significant accounting policies (*continued*)

---

#### m) Leases (*continued*)

##### *As a lessee (continued)*

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 group changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the 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 zero.

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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### *Short-term leases and leases of low-value assets*

The group has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

---

### Note 5 Significant accounting judgements, estimates, and assumptions

---

In preparing these financial statements, management has made judgements and estimates that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

---

#### a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

<u>Note</u>	<u>Judgement</u>
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the group has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the group is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the group and underlying asset including the amount, the lease term, economic environment and other relevant factors.

#### b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

---

### Note 6 Financial risk management

---

The group has exposure to credit, liquidity and market risk arising from financial instruments. The group'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 group. The group does not use derivative instruments.

Risk management is carried out directly by the board of directors.

#### a) Credit risk

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

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



# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

### Note 6 Financial risk management (continued)

#### b) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. The group'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 group's reputation.

The group maintains the following lines of credit with Bendigo Bank:

- \$500,000 commercial loan with no available redraw facility at the end of the financial year.
- \$50,000 commercial loan with no available redraw facility at the end of the financial year.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	509,962	60,372	449,590	-
Lease liabilities	716,309	153,844	614,424	40,091
Trade and other payables	180,350	102,677	77,673	-
	<u>1,406,621</u>	<u>316,893</u>	<u>1,141,687</u>	<u>40,091</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	75,519	9,343	79,675	-
Trade and other payables	35,618	35,618	-	-
	<u>111,137</u>	<u>44,961</u>	<u>79,675</u>	<u>-</u>

#### c) 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 group'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 group has no exposure to any transactions denominated in a currency other than Australian dollars.

#### Price risk

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

#### Cash flow and fair value interest rate risk

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

The group held cash and cash equivalents of \$209,890 at 30 June 2021 (2020: \$243,253). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 7 Capital management

---

The board's policy is to maintain a strong capital base so as to sustain future development of the group. The board of directors 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:

- (a) 20% of the profit or funds of the group otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the group 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 group is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the statement of profit or loss and other comprehensive Income.

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

---

### Note 8 Revenue from contracts with customers

---

	2021	2020
	\$	\$
- Margin income	655,884	447,272
- Fee income	70,001	41,118
- Commission income	180,530	109,117
	<u>906,415</u>	<u>597,507</u>

---

### Note 9 Other revenue

---

	2021	2020
	\$	\$
- Rental income	703	-
- Market development fund income	85,937	36,667
- Cash flow boost	39,763	57,113
- Other income	16,546	3,400
	<u>142,949</u>	<u>97,180</u>

---

### Note 10 Finance income

---

	2021	2020
	\$	\$
- Interest on cash and cash equivalents	640	2,250

Finance income is recognised when earned using the effective interest rate method.

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 11 Expenses**

<b>a) Depreciation and amortisation expense</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets:</i>		
- Buildings	3,773	-
- Leasehold improvements	35,734	4,961
- Plant and equipment	1,028	8,191
- Furniture and fittings	1,899	-
	<u>42,434</u>	<u>13,152</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>101,128</u>	<u>10,745</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,451	2,239
- Franchise establishment fee	1,759	-
- Franchise renewal process fee	11,910	11,192
- Domiciled agency or branch business	4,500	-
	<u>20,620</u>	<u>13,431</u>
Total depreciation and amortisation expense	<u>164,182</u>	<u>37,328</u>
<b>b) Finance costs</b>		
- Bank loan interest paid or accrued	1,150	-
- Lease interest expense	20,750	882
- Unwinding of make-good provision	2,722	1,503
	<u>24,622</u>	<u>2,385</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
<b>c) Employee benefit expenses</b>		
Wages and salaries	551,061	362,542
Contributions to defined contribution plans	49,303	34,276
Expenses related to long service leave	(4,638)	8,269
Other expenses	22,250	18,016
	<u>617,976</u>	<u>423,103</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 11 Expenses (continued)**

**d) Recognition exemption**

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

The group pays for the right to use Willunga Service Access. The lease agreement is expired and continues on existing terms on a month-by-month basis with no significant penalty for termination. As such the lease has been assessed as short term and exempted from recognition under AASB 16 accounting. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

	2021 \$	2020 \$
Expenses relating to low-value leases	25,844	9,294
Expenses relating to short-term leases	3,978	75,070
	<u>29,822</u>	<u>84,364</u>

**Note 12 Income tax expense**

**a) Amounts recognised in profit or loss**

	2021 \$	2020 \$
<i>Current tax credit</i>		
- Future income tax benefit attributable to losses	(24,217)	(17,694)
- Movement in deferred tax	(6,024)	(22,736)
- Adjustment to deferred tax on AASB 16 retrospective application	-	16,306
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	16,700	5,881
	<u>(13,541)</u>	<u>(18,243)</u>

Progressive changes to the group tax rate have been enacted. Consequently, as of 1 July 2021, the group tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$16,700 related to the remeasurement of deferred tax assets and liabilities of the group.

**b) Prima facie income tax reconciliation**

	2021 \$	2020 \$
Operating loss before taxation	(83,138)	(31,161)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	(21,616)	(8,569)
Tax effect of:		
- Non-deductible expenses	1,714	151
- Non-assessable income	(10,338)	(15,706)
- Temporary differences	6,023	-
- Movement in deferred tax	(6,024)	-
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	16,700	5,881
	<u>(13,541)</u>	<u>(18,243)</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 13 Cash and cash equivalents**

	2021	2020
	\$	\$
- Cash at bank and on hand	131,652	165,897
- Term deposits	78,238	77,356
	<u>209,890</u>	<u>243,253</u>

**Note 14 Trade and other receivables**

a) Current assets	2021	2020
	\$	\$
Trade receivables	91,557	54,731
Prepayments	12,310	7,641
Other receivables and accruals	32	274
	<u>103,899</u>	<u>62,646</u>

**Note 15 Property, plant and equipment**

a) Carrying amounts	2021	2020
	\$	\$
<i>Buildings</i>		
At cost	93,795	-
Less: accumulated depreciation	(1,959)	-
	<u>91,836</u>	<u>-</u>
<i>Leasehold improvements</i>		
At cost	206,269	198,423
Less: accumulated depreciation	(104,292)	(69,656)
	<u>101,977</u>	<u>128,767</u>
<i>Plant and equipment</i>		
At cost	48,704	48,704
Less: accumulated depreciation	(46,087)	(45,059)
	<u>2,617</u>	<u>3,645</u>
<i>Furniture and fittings</i>		
At cost	12,441	-
Less: accumulated depreciation	(1,187)	-
	<u>11,254</u>	<u>-</u>
Total written down amount	<u>207,684</u>	<u>132,412</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 15 Property, plant and equipment (continued)**

b) Reconciliation of carrying amounts	2021	2020
	\$	\$
<i>Buildings</i>		
Additions through business combinations	95,609	-
Depreciation	(3,773)	-
	<u>91,836</u>	<u>-</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	128,767	133,728
Additions through business combinations	8,944	-
Depreciation	(35,734)	(4,961)
	<u>101,977</u>	<u>128,767</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	3,645	10,211
Additions	-	1,625
Depreciation	(1,028)	(8,191)
	<u>2,617</u>	<u>3,645</u>
<i>Furniture and fittings</i>		
Additions	7,436	-
Additions through business combinations	5,717	-
Depreciation	(1,899)	-
	<u>11,254</u>	<u>-</u>
Total written down amount	<u>207,684</u>	<u>132,412</u>

**c) Changes in estimates**

The group's review of estimates resulted in changes in the useful life. The leasehold improvement's useful life had previously been assessed as 40 years. This is now expected to be 18 years. The effect of these changes on actual and expected depreciation expense was as follows:

	2021	2022	2023	2024	2025+
(Decrease) increase in depreciation expense	28,622	28,622	28,622	23,057	(108,923)

**Note 16 Right-of-use assets**

a) Carrying amounts	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	1,045,808	129,042
Less: accumulated depreciation	(399,178)	(56,413)
Total written down amount	<u>646,630</u>	<u>72,629</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 16 Right-of-use assets (continued)**

b) Reconciliation of carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
Carrying amount at beginning	72,629	-
Initial recognition on transition	-	75,218
Accumulated depreciation on adoption	-	(45,668)
Additional right-of-use assets recognised	283,043	-
Additions through business combinations	143,272	-
Remeasurement adjustments	248,814	53,824
Depreciation	(101,128)	(10,745)
Total written down amount	<u>646,630</u>	<u>72,629</u>

During the year a new lease agreement was entered into for the Victor Harbor branch, the lease for the Goolwa branch was obtained through the acquisition of AlexInvest and the enforceable term for the Aldinga lease was estimated by the board resulting in a remeasurement of the lease liability and right-of-use asset.

**Note 17 Intangible assets**

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	70,907	32,762
Less: accumulated amortisation	(53,885)	(30,897)
	<u>17,022</u>	<u>1,865</u>
<i>Franchise establishment fee</i>		
At cost	31,663	-
Less: accumulated amortisation	(1,759)	-
	<u>29,904</u>	<u>-</u>
<i>Franchise renewal processing fee</i>		
At cost	331,923	113,814
Less: accumulated amortisation	(268,173)	(104,487)
	<u>63,750</u>	<u>9,327</u>
<i>Cash-generating unit - Victor Harbor</i>		
At cost	90,000	-
Less: accumulated amortisation	(4,500)	-
	<u>85,500</u>	<u>-</u>
<i>Acquisition of AlexInvest</i>		
At cost	<u>187,793</u>	<u>-</u>
Total written down amount	<u>383,969</u>	<u>11,192</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 17 Intangible assets (continued)**

b) Reconciliation of carrying amounts	Note	2021 \$	2020 \$
<i>Franchise fee</i>			
Carrying amount at beginning		1,865	4,104
Additions		18,173	-
Additions through business combinations		941	-
Disposals		(1,506)	-
Amortisation		(2,451)	(2,239)
Carrying amount at end		<u>17,022</u>	<u>1,865</u>
<i>Franchise establishment fee</i>			
Additions		31,663	-
Amortisation		(1,759)	-
Carrying amount at end		<u>29,904</u>	<u>-</u>
<i>Franchise renewal processing fee</i>			
Carrying amount at beginning		9,327	20,519
Additions		68,248	-
Additions through business combinations		4,708	-
Disposals		(6,623)	-
Amortisation		(11,910)	(11,192)
Carrying amount at end		<u>63,750</u>	<u>9,327</u>
<i>Cash-generating unit - Victor Harbor</i>			
Additions		90,000	-
Amortisation		(4,500)	-
Carrying amount at end		<u>85,500</u>	<u>-</u>
<i>Acquisition of AlexInvest</i>			
Additions through business combinations	24e)	187,793	-
Carrying amount at end		<u>187,793</u>	<u>-</u>
Total written down amount		<u>383,969</u>	<u>11,192</u>

**c) Changes in estimates**

During the financial year, the group 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.

The group renewed the franchise fees during the period. Both are being amortised over the next 5 years until 2025.



Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 18 Tax assets and liabilities**

<b>a) Deferred tax</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets</i>		
- expense accruals	1,060	1,179
- employee provisions	18,350	8,058
- make-good provision	19,530	15,720
- lease liability	179,078	19,635
- property, plant and equipment	2,375	-
- carried-forward tax losses	358,763	77,257
Total deferred tax assets	<u>579,156</u>	<u>121,849</u>
<i>Deferred tax liabilities</i>		
- income accruals	8	71
- property, plant and equipment	-	954
- right-of-use assets	161,657	18,884
Total deferred tax liabilities	<u>161,665</u>	<u>19,909</u>
Net deferred tax assets (liabilities)	<u>417,491</u>	<u>101,940</u>
Deferred tax assets acquired through business combinations	<u>302,009</u>	<u>-</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>13,542</u>	<u>18,243</u>
Movement in deferred tax charged to Statement of Changes in Equity	<u>-</u>	<u>16,306</u>

**Note 19 Trade creditors and other payables**

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

<b>a) Current liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	19,208	9,605
Other creditors and accruals	83,469	26,013
	<u>102,677</u>	<u>35,618</u>
<b>b) Non-current liabilities</b>		
Other creditors and accruals	<u>77,673</u>	<u>-</u>

**Note 20 Loans and borrowings**

<b>a) Current liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Secured bank loans	<u>60,372</u>	<u>-</u>
<b>b) Non-current liabilities</b>		
Secured bank loans	<u>449,590</u>	<u>-</u>

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

### Note 20 Loans and borrowings (continued)

#### c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	0.0%	2025 - 2030	509,962	509,962	-	-

### Note 21 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 on the adoption date. The discount rate used on recognition was 4.79%. Subsequent lease arrangements entered into were discounted at 3.54%.

The group 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 group's lease portfolio includes:

- Willunga Customer Service Centre  
The lease agreement commenced in April 2015. A 3 year renewal option was exercised in April 2020. The group has 2 x 3 year renewal options available which, for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation is April 2029.
- Aldinga Branch  
The formal lease agreement has expired. The terms continue on a month-by-month basis. The board is currently in negotiations with the landlord to extend the term of the lease agreement. Under AASB 16: Leases the group has determined the period for which the lease is enforceable as 46 months. As such, the lease term end date used in the calculation of the lease liability is April 2024.
- Goolwa Branch  
The lease agreement commenced in May 2011 with an initial term of 5 years. A 5 year renewal option was exercised in May 2021. The group has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is May 2026.
- Victor Harbor Branch  
The lease agreement commenced in March 2021 with an initial term of 55 months. The group has 1 x 5 year renewal option available which, for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is September 2030.
- Willunga Service Access  
The formal lease agreement has expired. The terms continue on a month-by-month basis. The short term exemption has been applied for measurement and recognition.

#### a) Current lease liabilities

	2021 \$	2020 \$
Property lease liabilities	153,844	9,343
Unexpired interest	(25,559)	(2,565)
	<u>128,285</u>	<u>6,778</u>

#### b) Non-current lease liabilities

Property lease liabilities	654,515	79,675
Unexpired interest	(66,491)	(10,934)
	<u>588,024</u>	<u>68,741</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 21 Lease liabilities (continued)**

c) Reconciliation of lease liabilities	2021 \$	2020 \$
Balance at the beginning	75,519	-
Initial recognition on AASB 16 transition	-	23,156
Additional lease liabilities recognised	283,043	-
Additions through business combinations	206,567	-
Remeasurement adjustments	253,022	60,553
Lease interest expense	20,750	882
Lease payments - total cash outflow	(122,592)	(9,072)
	<u>716,309</u>	<u>75,519</u>
<b>d) Maturity analysis</b>		
- Not later than 12 months	153,844	9,343
- Between 12 months and 5 years	614,424	79,675
- Greater than 5 years	40,091	-
Total undiscounted lease payments	<u>808,359</u>	<u>89,018</u>
Unexpired interest	(92,050)	(13,499)
Present value of lease liabilities	<u>716,309</u>	<u>75,519</u>

During the year a new lease agreement was entered into for the Victor Harbor branch, the lease for the Goolwa branch was obtained through the acquisition of AlexInvest and the enforceable term for the Aldinga lease was estimated by the board resulting in a remeasurement of the lease liability and right-of-use asset.

**Note 22 Provisions**

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

a) Non-current liabilities	2021 \$	2020 \$
Make-good on leased premises	<u>78,120</u>	<u>60,463</u>

In accordance with the branch lease agreements, the group must restore the leased premises to their original condition before the expiry of the lease term. The group has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provision</u>
Aldinga	April 2024	\$35,000
Goolwa	April 2026	\$25,000
Willunga	March 2029	\$35,000
Victor Harbor	September 2030	\$0

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 22 Provisions (continued)**

<b>b) Reconciliation of make-good provision</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning	60,463	-
Face-value of make-good costs recognised	-	70,000
Present value discounting	-	(4,311)
Present value unwinding	2,722	1,503
Additions through business combinations	19,144	-
Provision remeasurements	(4,209)	(6,729)
	<u>78,120</u>	<u>60,463</u>

During the financial year, the group acquired the lease obligations for the Goolwa branch. This has resulted in additional make-good provisions of \$19,144.

**Note 23 Employee benefits**

<b>a) Current liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Provision for annual leave	41,867	19,636
Provision for long service leave	21,296	-
	<u>63,163</u>	<u>19,636</u>
<b>b) Non-current liabilities</b>		
Provision for long service leave	<u>10,237</u>	<u>11,356</u>

**c) Key judgement and assumptions**

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.

**Note 24 Acquisition of subsidiary**

On 5 October 2020, the company acquired 100% of the shares and voting interest in AlexInvest Community Services Limited (AlexInvest).

**a) Consideration transferred**

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	<b>Amount (\$)</b>
Equity instruments (263,506 ordinary shares)	<u>117,524</u>

**b) Equity instruments issued**

The fair value of the ordinary shares issued was based on a valuation by ShineWing Australia of the company at 30 June 2019 of between \$0.443 to \$0.448 per share. A mid range of \$0.446 was used in the calculation of the shares issued.

**c) Acquisition-related costs**

The group incurred acquisition-related costs of \$49,155 relating to legal, tax and accounting services. These costs have been included in general administration expenses.

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 24 Acquisition of subsidiary (continued)**

**d) Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Amount (\$)
Cash and cash equivalents	430
Trade and other receivables	92,091
Property, plant and equipment	110,095
Right-of-use assets	143,272
Intangibles assets	5,649
Deferred tax assets	302,009
Loans and borrowings	(417,503)
Lease liabilities	(206,567)
Trade and other payables	(49,237)
Employee entitlements	(31,364)
Provisions	(19,144)
Total identifiable net liabilities acquired	<u>(70,269)</u>

**e) Goodwill**

Goodwill arising from the acquisition has been recognised as follows.

	Amount (\$)
Consideration transferred	117,524
Fair value of identifiable net liabilities	70,269
Goodwill	<u>187,793</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating AlexInvest into the group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

**Note 25 Issued capital**

**a) Issued capital**

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	988,321	842,339	724,815	724,815

**b) Reconciliation of issued capital movement**

*Fully paid ordinary shares*

Balance amount at beginning	724,815	724,815	724,815	724,815
Shares issued pursuant to merger	263,506	117,524	-	-
	<u>988,321</u>	<u>842,339</u>	<u>724,815</u>	<u>724,815</u>

During the financial year, the company issued shares pursuant to the merger with AlexInvest. The merger dated 5 October 2020 was lodged with the Australian Securities and Investments Commission (ASIC). The company issued 263,506 shares at an price of \$0.446 per ordinary share.

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 25 Issued capital (*continued*)

---

#### c) 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*.

##### *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 219. As at the date of this report, the company had 440 shareholders (2020: 228 shareholders).

# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

---

### Note 25 Issued capital (continued)

---

#### c) Rights attached to issued capital (continued)

##### Prohibited shareholding interest (continued)

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

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

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

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

---

### Note 26 Accumulated losses

---

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(303,335)	(247,428)
Adjustment for transition to AASB 16		-	(42,989)
Net loss after tax from ordinary activities		(69,597)	(12,918)
Dividends provided for or paid	31	(57,985)	-
Balance at end of reporting period		<u>(430,917)</u>	<u>(303,335)</u>

---

### Note 27 Reconciliation of cash flows from operating activities

---

	2021 \$	2020 \$
Net loss after tax from ordinary activities	(69,597)	(12,918)
Adjustments for:		
- Depreciation	143,562	23,897
- Amortisation	20,620	13,431
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	50,839	(663)
- (Increase)/decrease in other assets	(8,272)	(18,243)
- Increase/(decrease) in trade and other payables	(2,051)	(15,546)
- Increase/(decrease) in employee benefits	11,044	12,625
- Increase/(decrease) in provisions	2,722	1,503
Net cash flows provided by operating activities	<u>148,867</u>	<u>4,086</u>

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

**Note 28 Financial instruments**

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 \$	2020 \$
<b>Financial assets</b>			
Cash and cash equivalents	13	131,652	165,897
Term deposits	13	78,238	77,356
Trade and other receivables	14	91,589	55,005
		301,479	298,258
<b>Financial liabilities</b>			
Trade and other payables	19	180,350	35,618
Secured bank loans	20	509,962	-
Lease liabilities	21	716,309	75,519
		1,406,621	111,137

**Note 29 Auditor's remuneration**

Amount received or due and receivable by the auditor of the group for the financial year.

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,450	5,800
Total auditor's remuneration	5,450	5,800

**Note 30 Related parties**

**a) Details of key management personnel**

The directors of the company during the financial year were:

Ronald Leslie Logan  
Karyn Joy Thomas  
Charles Dominic Rodney Manning  
Marissa Harvey  
Kym McHugh  
Carol Gaston  
Emily Livingston  
Lauren McKee  
Robert Vanderkamp  
Alison Hancock  
Moira Fay Jenkins  
Daniel John Roach  
Elizabeth Williams  
Jordan Daniel Corfield-Higgins  
Juan Edward Smith  
Hazel Ann Wainwright  
Anita Jane Bailetti



# Fleurieu Community Enterprises Limited

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

### Note 30 Related parties (continued)

#### b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

#### c) Related party transactions

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

	2021	2020
	\$	\$
<i>Transactions with related parties</i>		
- Ron Logan receives rental income for the Victor Harbor branch lease	10,871	-
Total transactions with related parties	<u>10,871</u>	<u>-</u>

### Note 31 Dividends provided for or paid

#### a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Unfranked dividend	<u>8.00</u>	<u>57,985</u>	<u>-</u>	<u>-</u>

### Note 32 Earnings per share

#### a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021	2020
	\$	\$
Loss attributable to ordinary shareholders	<u>(69,597)</u>	<u>(12,918)</u>
	Number	Number
- Issued ordinary shares at beginning	724,815	724,815
- Effect of shares issued in October 2020	193,478	-
Weighted-average number of ordinary shares	<u>918,293</u>	<u>724,815</u>
	Cents	Cents
Basic and diluted loss per share	<u>(7.58)</u>	<u>(1.78)</u>

### Note 33 Commitments

The group 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 to affect the financial statements.

Fleurieu Community Enterprises Limited  
Notes to the Consolidated Financial Statements  
for the year ended 30 June 2021

---

**Note 35 Subsequent events**

---

There have been no significant events occurring after the reporting period which may affect either the group's operations or the results of those operations or the group's state of affairs.

# Fleurieu Community Enterprises Limited

## Directors' Declaration

In accordance with a resolution of the directors of Fleurieu Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the consolidated financial statements and notes of the group are in accordance with the *Corporations Act 2001*,
  - (i) giving a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the group 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.



---

Ronald Leslie Logan, Chair

Dated this 7th day of October 2021

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF FLEURIEU COMMUNITY ENTERPRISES LIMITED**

**Opinion**

We have audited the financial report of Fleurieu Community Enterprises Limited, which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Fleurieu Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

- + giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year then ended; and
- + complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the financial report of Fleurieu Community Enterprises Limited for the year ended 30 June 2021 included on its website. The Company's directors are responsible for the integrity of Fleurieu Community Enterprises Limited's website. We have not been engaged to report on the integrity of the website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

**Material Uncertainty Regarding Continuation as a Going Concern**

Without qualifying our opinion, we draw attention to the Company's accumulated net losses. Notwithstanding this year's loss (after income tax credit) of \$69,597, the Company has accumulated losses of \$430,917 as at 30<sup>th</sup> June 2021.

**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* (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 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 report.

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

### **Responsibilities of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note X to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 judgment 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.

*Accru Harris Orchard*

**ACCRU+ HARRIS ORCHARD**

*Ben Willington*

**BEN WILLINGTON  
DIRECTOR**

Dulwich, 7 October 2021