
Fleurieu

Community Enterprises Limited

ABN: 72 116 550 157

Financial Report

For the half-year ended

31 December 2019

Fleurieu Community Enterprises Limited

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2019.

Directors

The names of directors who held office during the half-year and until the date of this report are as below:

Ronald Leslie Logan	Daniel John Roach
Hazel Ann Wainwright	Juan Edward Smith
Karyn Joy Thomas	Jordan Daniel Corfield-Higgins
Anita Jane Bailetti	Marissa Harvey (<i>Appointed 25 November 2019</i>)
Charles Dominic Rodney Manning	Anthony Richard David Bower (<i>Resigned 30 September 2019</i>)

Principal activities

The principal activities of the company during the financial period were facilitating Community Bank services under management rights to operate a customer service centre and a franchised branch of Bendigo and Adelaide Bank Limited.

Review of operations

Operations have continued to perform in line with expectations. The net profit/(loss) of the company for the financial period after the provision of income tax was:

Half-year ended 31 December 2019	Half-year ended 31 December 2018
\$ (37,204)	\$ 35,055

New Accounting Standards implemented

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

Events after the end of the reporting period

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

Likely developments

The company has entered into an agreement with AlexInvest Community Services Limited for a merger of the two companies and shareholders have been advised of this by a joint announcement on 8 November 2019.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

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

Chairman _____


Ronald Leslie Logan

Dated this 5th day of March 2020

**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 review of the financial report of Fleurieu Community Enterprises Limited for the half year ended 31 December 2019, 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 review; and
- + no contraventions of any applicable code of professional conduct in relation to the review.

Accru Harris Orchard

ACCRU+ HARRIS ORCHARD



**BEN WILLINGTON
DIRECTOR**

Dulwich
4 March 2020

Fleurieu Community Enterprises Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	2019	2018
	\$	\$
Revenue from ordinary activities	322,479	342,765
Employee benefits expense	(223,815)	(138,414)
Charitable donations, sponsorship, advertising and promotion	(27,909)	(35,024)
Occupancy and associated costs	(46,908)	(44,389)
Systems costs	(12,334)	(11,097)
Depreciation and amortisation expense	(19,106)	(13,746)
Finance costs	(1,257)	-
General administration expenses	(42,466)	(51,634)
Profit/(loss) before income tax	(51,316)	48,461
Income tax (expense)/credit	14,112	(13,406)
Profit/(loss) after income tax	(37,204)	35,055
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	(37,204)	35,055
Earnings per share	¢	¢
- Basic and diluted earnings/(loss) per share:	(5.13)	4.84

Fleurieu Community Enterprises Limited

Statement of Financial Position

For the half-year ended 31 December 2019

	Note	31-Dec-19 \$	30-Jun-19 \$
ASSETS			
Current assets			
Cash and cash equivalents		232,004	262,633
Trade and other receivables		71,090	61,983
Total current assets		303,094	324,616
Non-current assets			
Property, plant and equipment		136,921	143,939
Right of use assets	7	24,177	-
Intangible assets		17,908	24,623
Deferred tax assets		97,809	67,391
Total non-current assets		276,815	235,953
TOTAL ASSETS		579,909	560,569
LIABILITIES			
Current liabilities			
Trade and other payables		65,686	64,815
Lease liabilities	7	8,266	-
Provisions		20,284	15,280
Total current liabilities		94,236	80,095
Non-current liabilities			
Lease liabilities	7	10,903	-
Provisions		77,576	3,087
Total non-current liabilities		88,479	3,087
TOTAL LIABILITIES		182,715	83,182
NET ASSETS		397,194	477,387
EQUITY			
Issued capital		724,815	724,815
Accumulated losses	8	(327,621)	(247,428)
TOTAL EQUITY		397,194	477,387

The accompanying notes form part of these financial statements

Fleurieu Community Enterprises Limited

Statement of Changes in Equity

For the half-year ended 31 December 2019

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018		724,815	(278,213)	446,602
Total comprehensive income for the half-year		-	35,055	35,055
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	9	-	(28,993)	(28,993)
Balance at 31 December 2018		724,815	(272,151)	452,664
Balance at 1 July 2019		724,815	(247,428)	477,387
Cumulative retrospective effect of AASB 16: <i>Leases</i>	2	-	(42,989)	(42,989)
Restated balance at 1 July 2019		724,815	(290,417)	434,398
Total comprehensive income for the half-year		-	(37,204)	(37,204)
Balance at 31 December 2019		724,815	(327,621)	397,194

Fleurieu Community Enterprises Limited

Statement of Cash Flows

For the half-year ended 31 December 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		339,620	374,732
Payments to suppliers and employees		(366,771)	(319,579)
Lease payments (interest component)	7	(515)	-
Interest received		1,024	407
Net cash provided by/(used in) operating activities		(26,642)	55,560
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(1,746)
Net cash used in investing activities		-	(1,746)
Cash flows from financing activities			
Lease payments (principal component)	7	(3,987)	-
Dividends paid	9	-	(28,993)
Net cash used in financing activities		(3,987)	(28,993)
Net cash increase/(decrease) in cash held		(30,629)	24,821
Cash and cash equivalents at the beginning of the financial year		262,633	178,150
Cash and cash equivalents at the end of the half-year		232,004	202,971

Fleurieu Community Enterprises Limited

Notes to the Financial Statements

For the half-year ended 31 December 2019

Note 1. Summary of significant accounting policies

Statement of Compliance

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Basis of preparation

This financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the company during the period.

Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial report and the previous corresponding interim period, apart from the new Accounting Standard detailed below.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New Accounting Standards Implemented

The company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The company had to change its accounting policies and make adjustments as a result of adopting AASB 16 *Leases*.

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.

Note 2. Changes in accounting policies

This note describes the nature and effect of the adoption of AASB 16 on the company's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

a) Types of leases

The company has entered into non-cancellable lease arrangements for its branch and customer service centre premises.

b) Impact on comparatives

The company has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information has not been restated.

c) Leases

The company as lessee

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Fleurieu Community Enterprises Limited

Notes to the Financial Statements

For the half-year ended 31 December 2019

Note 2. Changes in accounting policies (*continued*)

d) Initial application of AASB 16

The company has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under the now inoperative AASB 117: *Leases* where the company is the lessee.

Lease liabilities are shown at the present value of the remaining lease payments at balance date. The company's incremental borrowing rate as at 1 July 2019 has been used to discount the lease payments.

The following practical expedients have been used by the company in applying AASB 16 for the first time:

- A single discount rate has been applied.
- Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of application.
- Leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.

e) Financial impact

Impacts on the financial statements and notes as at and for the half-year ended 31 December 2019 are shown throughout this report. As at the date of transition the impact of the new standard is summarised below in the noted items:

Balance sheet as at 1 July 2019	\$
Right-of-use assets	29,550
Make-good provision	(65,689)
Lease liabilities	(23,156)
Deferred tax asset	16,306
Accumulated losses	<u>(42,989)</u>
Lease liabilities reconciliation on transition	
Operating lease disclosure as at 30 June 2019	-
Add: additional options now expected to be exercised	24,761
Less: discounted to present value	(1,605)
Lease liability as at 1 July 2019	<u>23,156</u>

Lease liabilities were discounted using a weighted average discount rate of 4.79%.

f) Recognition exemption

The company has applied the available recognition exemptions and practical expedients to its short-term and low-value

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16.

The company pays for the right to use the Aldinga branch and Willunga Service Access. The lease agreements are expired and continue on existing terms on a month-by-month basis.

	31-Dec-19	31-Dec-18
	\$	\$
Expenses relating to low value leases	4,667	-
Expenses relating to short-term leases	35,655	-
	<u>40,322</u>	<u>-</u>

Fleurieu Community Enterprises Limited

Notes to the Financial Statements

For the half-year ended 31 December 2019

Note 3. Events subsequent to reporting date

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

Note 4. Contingent assets and liabilities

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

Note 5. Segment reporting

The economic entity operates in a single service sector where it facilitates community banking services in Aldinga Beach and surrounding districts of South Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 6. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2019 annual financial report.

Note 7. Leases

The company's lease portfolio includes its branch and customer service centre premises. The lease term is the non-cancellable term plus options reasonably expected to be exercised.

The company's lease portfolio lease terms include:

- Willunga customer service centre - a non-cancellable term of four years plus a further three options for one year.
- Aldinga branch - 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.
- 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.

The option to extend or terminate are contained in the clauses of lease agreements. These clauses provide the company with opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the company.

a) 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 incremental borrowing discount rate used was 4.79%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has estimated remaining lease terms including the effects of any renewal options or termination options expected to be reasonably exercised, applying hindsight where appropriate.

Fleurieu Community Enterprises Limited

Notes to the Financial Statements

For the half-year ended 31 December 2019

Note 7. Leases (continued)		
a) Lease liabilities (continued)	31-Dec-19	30-Jun-19
	\$	\$
Current:		
Lease liability	9,004	-
Unexpired interest	(738)	-
	<u>8,266</u>	<u>-</u>
Non-current		
Lease liability	11,255	-
Unexpired interest	(352)	-
	<u>10,903</u>	<u>-</u>
Impact on the current reporting period:		
Lease liabilities		
Initial recognition on adoption	23,156	-
Lease payments (interest component)	515	-
Lease payments	(4,502)	-
Lease liabilities as at 31 December 2019	<u>19,169</u>	<u>-</u>
Maturity analysis		
- not later than 12 months	9,004	-
- between 12 months and 5 years	11,255	-
- greater than 5 years	-	-
Total lease payments	<u>20,259</u>	<u>-</u>
Less unexpired interest	(1,090)	-
Present value of lease liabilities	<u>19,169</u>	<u>-</u>
b) Right-of-use assets		
Right-of-use assets were measured at amounts equal to the present value of enforceable future payments on the lease commencement date, adjusted for lease incentives, make-good provisions, and initial direct costs.		
Impact on the current reporting period:		
Right-of-use assets		
Balance at the beginning of the financial year	-	-
Initial recognition on adoption	75,218	-
Accumulated depreciation on adoption	(45,668)	-
Depreciation expense	(5,373)	-
Right-of-use assets as at 31 December 2019	<u>24,177</u>	<u>-</u>

Fleurieu Community Enterprises Limited

Notes to the Financial Statements

For the half-year ended 31 December 2019

Note 7. Leases (continued)

c) Impact on the profit or loss

Comparison under current AASB 16 and form AASB 117	\$
Decrease in occupancy and associated costs	4,502
Increase in finance costs	(1,257)
Increase in depreciation and amortisation expense	(5,373)
Decrease in profit before tax	<u>(2,128)</u>
Increase in current income tax expense	(1,238)
Decrease in deferred income tax expense	1,823
Decrease in profit after tax	<u>(1,543)</u>

	31-Dec-19	30-Jun-19
Note 8. Accumulated losses	\$	\$
Balance at the beginning of the financial year	(247,428)	(278,213)
Cumulative adjustment of leases under AASB 16	(42,989)	-
Net profit/(loss) from ordinary activities after income tax	(37,204)	59,778
Dividends provided for or paid	-	(28,993)
Balance at the end of the reporting period	<u>(327,621)</u>	<u>(247,428)</u>

	31-Dec-19		31-Dec-18	
Note 9. Dividends provided for or paid	Cents	\$	Cents	\$
a) Dividends paid during the period				
Unfranked dividend	-	-	4.00	28,993

Fleurieu Community Enterprises Limited Directors' Declaration

In the opinion of the directors of Fleurieu Community Enterprises Limited ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the financial position of the entity as at 31 December 2019 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - b. complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Chairman



Ronald Leslie Logan

Dated this

5

day of

March

2020.

Independent Auditor's Review Report To the Members of Fleurieu Community Enterprises Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Fleurieu Community Enterprises Limited, which comprises the balance sheet as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by *the Corporations Act 2001*, which has been given to the directors of Fleurieu Community Enterprises Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Fleurieu Community Enterprises Limited is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

Accru Harris Orchard

ACCRU+ HARRIS ORCHARD



**BEN WILLINGTON
DIRECTOR**

Dulwich
6 March 2020