
Fleurieu

Community Enterprises Limited

ABN: 72 116 550 157

Consolidated Financial Report

For the half-year ended

31 December 2020

Fleurieu Community Enterprises Limited

Directors' Report

Your directors submit the consolidated financial report of the group comprising of Fleurieu Community Enterprises Limited (the company) and its subsidiaries for the half-year ended 31 December 2020.

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	Lauren McKee (<i>Appointed 18 September 2020</i>)
Karyn Joy Thomas	Bob Van Der Camp (<i>Appointed 18 September 2020</i>)
Charles Dominic Rodney Manning	Alison Hancock (<i>Appointed 24 November 2020</i>)
Daniel John Roach	Elizabeth Williams (<i>Appointed 18 September 2020, Resigned 24 November 2020</i>)
Jordan Daniel Corfield-Higgins	Jordan Daniel Corfield-Higgins (<i>Resigned 24 November 2020</i>)
Marissa Harvey	Juan Edward Smith (<i>Resigned 24 November 2020</i>)
Kym McHugh (<i>Appointed 18 September 2020</i>)	Hazel Ann Wainwright (<i>Resigned 24 November 2020</i>)
Carol Gaston (<i>Appointed 18 September 2020</i>)	Anita Jane Bailetti (<i>Resigned 24 November 2020</i>)
Emily Livingston (<i>Appointed 18 September 2020</i>)	

Principal activity

The principal activity of the group during the financial period was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited.

Review of operations

The net profit/(loss) of the group for the financial period after the provision of income tax was:

Half-year ended 31 December 2020	Half-year ended 31 December 2019
\$ 7,519	\$ (37,204)

Events after the end of the reporting period

In February 2021, the group entered into an agreement with Bendigo and Adelaide Bank Limited to acquire the corporate business in Victor Harbor for \$90,000. The agreement was completed on 29 March 2021 when the group opened the new site for the Victor Harbour branch.

There are no other other 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 group, the results of those operations or the state of affairs of the group.

Significant changes in the state of affairs

During the year the company acquired 100% of the shares in AlexInvest Community Services Limited. Details of the impact of this transaction on the consolidated financial statements is outlined in Note 5.

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 12th day of April 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 review of Fleurieu Community Enterprises Limited for the period ended 31 December 2020, 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



**BEN WILLINGTON
DIRECTOR - AUDIT & ASSURANCE**

Dulwich
12 April 2021

Fleurieu Community Enterprises Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	2020 \$	2019 \$
Revenue from contracts with customers	384,803	300,759
Other revenue	98,977	20,900
Finance income	427	820
Employee benefits expense	(266,382)	(223,815)
Charitable donations, sponsorship, advertising and promotion	(11,339)	(27,909)
Occupancy and associated costs	(13,903)	(46,908)
Systems costs	(20,847)	(12,334)
Depreciation and amortisation expense	(68,637)	(19,106)
Finance costs	(10,288)	(1,257)
General administration expenses	(95,655)	(42,466)
Loss before income tax	(2,844)	(51,316)
Income tax credit	10,363	14,112
Profit/(loss) after income tax	7,519	(37,204)
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	7,519	(37,204)
Earnings per share	¢	¢
- Basic and diluted earnings/(loss) per share:	0.95	(5.13)

Fleurieu Community Enterprises Limited

Consolidated Statement of Financial Position

For the half-year ended 31 December 2020

	Note	31-Dec-20 \$	30-Jun-20 \$
ASSETS			
Current assets			
Cash and cash equivalents		373,650	243,253
Trade and other receivables		99,810	62,646
Total current assets		473,460	305,899
Non-current assets			
Property, plant and equipment		223,674	132,412
Right of use assets		416,132	72,629
Intangible assets		273,293	11,192
Deferred tax assets		414,312	101,940
Total non-current assets		1,327,411	318,173
TOTAL ASSETS		1,800,871	624,072
LIABILITIES			
Current liabilities			
Trade and other payables		87,955	35,618
Loans and borrowings		60,372	-
Lease liabilities		100,107	6,778
Employee benefits		56,906	19,636
Total current liabilities		305,340	62,032
Non-current liabilities			
Trade and other payables		55,283	-
Loans and borrowings		479,596	-
Lease liabilities		387,577	68,741
Provisions		76,631	60,463
Employee benefits		7,906	11,356
Total non-current liabilities		1,006,993	140,560
TOTAL LIABILITIES		1,312,333	202,592
NET ASSETS		488,538	421,480
EQUITY			
Issued capital	6	842,339	724,815
Accumulated losses		(353,801)	(303,335)
TOTAL EQUITY		488,538	421,480

The accompanying notes form part of these financial statements

Fleurieu Community Enterprises Limited

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
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
Balance at 1 July 2020		724,815	(303,335)	421,480
Total comprehensive income for the half-year		-	7,519	7,519
Transactions with owners in their capacity as owners:				
Shares issued related to business combinations	6	117,524	-	117,524
Dividends provided for or paid	7	-	(57,985)	(57,985)
Balance at 31 December 2020		842,339	(353,801)	488,538

Fleurieu Community Enterprises Limited

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		585,173	339,620
Payments to suppliers and employees		(452,879)	(326,449)
Lease payments (interest component)		(7,905)	(515)
Lease payments not included in the measurement of lease liabilities		(9,502)	(40,322)
Interest received		588	1,024
Interest paid		(1,151)	-
Net cash provided by/(used in) operating activities		114,324	(26,642)
Cash flows from investing activities			
Payments for intangible assets		(7,677)	-
Net cash used in investing activities		(7,677)	-
Cash flows from financing activities			
Proceeds from borrowings		550,000	-
Repayment of borrowings		(427,104)	-
Lease payments (principal component)		(41,161)	(3,987)
Dividends paid	7	(57,985)	-
Net cash provided by/(used in) financing activities		23,750	(3,987)
Net cash increase/(decrease) in cash held		130,397	(30,629)
Cash and cash equivalents at the beginning of the financial year		243,253	262,633
Cash and cash equivalents at the end of the half-year		373,650	232,004

Fleurieu Community Enterprises Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

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 consolidated 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 2020 and any public announcements made by the group during the period.

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 a 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.

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.

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.

Fleurieu Community Enterprises Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

Note 2. Events subsequent to reporting date

In February 2021, the group entered into an agreement with Bendigo and Adelaide Bank Limited to acquire the corporate business in Victor Harbor for \$90,000. The agreement was completed on 29 March 2021 when the group opened the new site for the Victor Harbour branch.

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

Note 3. Contingent assets and liabilities

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

Note 4. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2020 annual financial report.

Note 5. Acquisition of subsidiary

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

a) Consideration transferred

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

	Amount (\$)
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 half-year ended 31 December 2020

Note 5. 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 receivables	92,091
Property, plant and equipment	110,095
Right of use assets	143,272
Intangible 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 6. Issued capital	31-Dec-20		30-Jun-20	
	Number	\$	Number	\$
Ordinary shares fully paid	988,321	842,339	724,815	724,815
	<u>988,321</u>	<u>842,339</u>	<u>724,815</u>	<u>724,815</u>

Note 7. Dividends provided for or paid	31-Dec-20		31-Dec-19	
	Cents	\$	Cents	\$
a) Dividends declared and paid during the period				
Unfranked dividend	8.00	57,985	-	-

Fleurieu Community Enterprises Limited

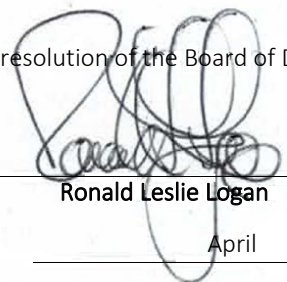
Directors' Declaration

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

1. The consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*
 - a. giving a true and fair view of the financial position of the group as at 31 December 2020 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 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.

Chairman



Ronald Leslie Logan

Dated this 12 day of April 2021.

**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 2020, 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 describes, 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 2020 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 the 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 2020 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



BEN WILLINGTON
PARTNER

Dulwich
12 April 2021