



# Half-Yearly Report

December 2019

Mt Eliza Community  
Enterprise Limited

ABN 18 139 499 326

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# **Mt Eliza Community Enterprise Limited**

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ABN: 18 139 499 326

## **Financial Statements**

For the half-year ended

31 December 2019

# Mt Eliza Community Enterprise 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:

Reagan Harrison Barry  
James Craig Batty  
Robert Charles Gauci  
Alexandra Godfrey  
Joanne Horton  
Peter Hutchinson  
Carolyn Jean Parker  
Matthew Wilson  
Gregory John Russo

### Principal activities

The principal activity of the company during the course of the financial period was facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

### Review of operations

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

| Half-year ended<br>31 December 2019 | Half-year ended<br>31 December 2018 |
|-------------------------------------|-------------------------------------|
| \$                                  | \$                                  |
| 70,259                              | 103,763                             |

### Dividends paid or recommended

The board approved a dividend of 5 cents per share (100% unfranked) to its shareholders at its AGM on the 25th November 2019 totalling \$40,356. The dividend payable as at 31 December 2019 was \$8,055.

### 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

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.

# Mt Eliza Community Enterprise Limited

## Directors' Report

### 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 3.

Signed in accordance with a resolution of the directors at Mount Eliza, Victoria.

Chairman



**Reagan Harrison Barry**

Dated this 10th day of March 2020

**Mt Eliza Community Enterprise Ltd**

**ABN 18 139 4993 26**

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

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

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Ashfords Audit and Assurance Pty Ltd*

Ashfords Audit and Assurance Pty Ltd



Andrew White

13 March 2020

Dingley

# Mt Eliza Community Enterprise Limited

## Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

|   | 2019<br>\$    | 2018<br>\$     |
|---|---------------|----------------|
| Revenue from ordinary activities  | 553,483       | 504,128        |
| Employee benefits expense   | (282,621)     | (181,306)      |
| Charitable donations, sponsorship, advertising and promotion  | (34,073)      | (38,530)       |
| Occupancy and associated costs  | (20,910)      | (68,375)       |
| Systems costs   | (16,950)      | (17,390)       |
| Depreciation and amortisation expense   | (44,031)      | (9,111)        |
| Finance costs   | (2,062)       | -              |
| General administration expenses   | (68,807)      | (43,415)       |
| <b>Profit before income tax</b>   | <b>84,029</b> | <b>146,001</b> |
| Income tax expense  | 13,770        | 42,238         |
| <b>Profit after income tax</b>  | <b>70,259</b> | <b>103,763</b> |
| <b>Total other comprehensive income for the half-year attributable to the ordinary shareholders of the company:</b> | <b>70,259</b> | <b>103,763</b> |
| <b>Earnings per Share</b>   | <b>¢</b>      | <b>¢</b>       |
| - Basic and diluted earnings per share:   | 0.087         | 0.129          |

# Mt Eliza Community Enterprise Limited

## Statement of Financial Position

For the half-year ended 31 December 2019

|  | Note | 31-Dec-19<br>\$ | 30-Jun-19<br>\$ |
|--|------|-----------------|-----------------|
| <b>ASSETS</b>                          |      |                 |                 |
| <b>Current assets</b>                  |      |                 |                 |
| Cash and cash equivalents              |      | 601,095         | 523,932         |
| Prepayments                            |      | 7,167           | 5,934           |
| Trade and other receivables            |      | 95,916          | 89,443          |
| <b>Total current assets</b>            |      | <b>704,178</b>  | <b>619,309</b>  |
| <b>Non-current assets</b>              |      |                 |                 |
| Trade and other receivables            |      | 7,515           | 7,515           |
| Property, plant and equipment          |      | 20,177          | 22,110          |
| Right of use assets                    | 7    | 58,867          | -               |
| Intangible assets                      |      | 18,158          | 24,935          |
| Deferred tax asset                     |      | 18,013          | 3,869           |
| <b>Total non-current assets</b>        |      | <b>122,730</b>  | <b>58,429</b>   |
| <b>TOTAL ASSETS</b>                    |      | <b>826,908</b>  | <b>677,738</b>  |
| <b>LIABILITIES</b>                     |      |                 |                 |
| <b>Current liabilities</b>             |      |                 |                 |
| Trade and other payables               |      | 79,669          | 66,232          |
| Current tax liabilities                |      | 26,144          | -               |
| Lease liabilities                      | 7    | 64,638          | -               |
| Provisions                             |      | 24,408          | 9,592           |
| <b>Total current liabilities</b>       |      | <b>194,859</b>  | <b>75,824</b>   |
| <b>Non-current liabilities</b>         |      |                 |                 |
| Lease liabilities                      | 7    | 1,771           | -               |
| Deferred tax liabilities               |      | 17,211          | 11,646          |
| Provisions                             |      | -               | -               |
| <b>Total non-current liabilities</b>   |      | <b>18,982</b>   | <b>11,646</b>   |
| <b>TOTAL LIABILITIES</b>               |      | <b>213,841</b>  | <b>87,470</b>   |
| <b>NET ASSETS</b>                      |      | <b>613,067</b>  | <b>590,268</b>  |
| <b>EQUITY</b>                          |      |                 |                 |
| Issued capital                         |      | 774,249         | 774,249         |
| Retained earnings (Accumulated losses) | 8    | (120,827)       | (143,626)       |
| Dividend Paid                          | 9    | (40,356)        | (40,355)        |
| <b>TOTAL EQUITY</b>                    |      | <b>613,067</b>  | <b>590,268</b>  |

# Mt Eliza Community Enterprise Limited

## Statement of Changes in Equity

For the half-year ended 31 December 2019

|  | Note | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>Equity<br>\$ |
|--|------|-------------------------|-----------------------------|-----------------------|
| <b>Balance at 1 July 2018</b>                        |      | 774,249                 | (359,053)                   | 415,196               |
| Total comprehensive income for the half-year         |      | -                       | 103,763                     | 103,763               |
| <b>Transactions with owners in their capacity as</b> |      |                         |                             |                       |
| Shares issued during period                          |      | -                       | -                           | -                     |
| Costs of issuing shares                              |      | -                       | -                           | -                     |
| Dividends provided for or paid                       | 9    | -                       | (40,355)                    | (40,355)              |
| <b>Balance at 31 December 2018</b>                   |      | <b>774,249</b>          | <b>(295,645)</b>            | <b>478,604</b>        |
| <b>Balance at 1 July 2019</b>                        |      | 774,249                 | (183,981)                   | 590,268               |
| Cumulative retrospective effect of AASB 16: Leases   | 2    | -                       | (7,105)                     | <b>(7,105)</b>        |
| <b>Restated balance at 1 July 2019</b>               |      | <b>774,249</b>          | <b>(191,086)</b>            | <b>583,163</b>        |
| Total comprehensive income for the half-year         |      | -                       | 70,259                      | 70,259                |
| <b>Transactions with owners in their capacity as</b> |      |                         |                             |                       |
| Shares issued during period                          |      | -                       | -                           | -                     |
| Costs of issuing shares                              |      | -                       | -                           | -                     |
| Dividends provided for or paid                       | 9    | -                       | (40,356)                    | (40,356)              |
| <b>Balance at 31 December 2019</b>                   |      | <b>774,249</b>          | <b>(161,182)</b>            | <b>613,067</b>        |



# Mt Eliza Community Enterprise Limited

## Statement of Cash Flows

For the half-year ended 31 December 2019

|  | Note | 2019<br>\$      | 2018<br>\$      |
|--|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                      |      |                 |                 |
| Receipts from customers  |      | 542,083         | 463,315         |
| Payments to suppliers and employees                              |      | (392,755)       | (340,884)       |
| Lease payments (interest component)                              | 7    | (2,062)         | -               |
| Interest paid  |      | -               | -               |
| Interest received  |      | 4,927           | 3,365           |
| Income taxes paid  |      | -               | -               |
| <b>Net cash provided by/(used in) operating activities</b>       |      | <b>152,193</b>  | <b>125,796</b>  |
| <b>Cash flows from investing activities</b>                      |      |                 |                 |
| Purchase of property, plant and equipment                        |      | -               | -               |
| Proceeds from sale of property, plant and equipment              |      | -               | -               |
| Payments for intangible assets                                   |      | -               | -               |
| <b>Net cash provided by/(used in) investing activities</b>       |      | <b>-</b>        | <b>-</b>        |
| <b>Cash flows from financing activities</b>                      |      |                 |                 |
| Lease payments (principal component)                             | 7    | (36,655)        |                 |
| Dividends paid   | 9    | (38,375)        | (32,179)        |
| <b>Net cash provided by financing activities</b>                 |      | <b>(75,030)</b> | <b>(32,179)</b> |
| <b>Net increase/(decrease) in cash held</b>                      |      | <b>77,163</b>   | <b>93,617</b>   |
| Cash and cash equivalents at the beginning of the financial year |      | 523,932         | 284,903         |
| <b>Cash and cash equivalents at the end of the half-year</b>     |      | <b>601,095</b>  | <b>378,520</b>  |

# Mt Eliza Community Enterprise Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2019

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

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#### c) Leases

##### *The company as lessee*

At inception of a contract, the company assess 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.

#### 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 17: Leases where the company is the lessee.

Lease liabilities are shown as the present value of the remaining lease payments. 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 initial application.
- 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                            | 94,187                       |
| Lease liabilities                              | <u>(101,292)</u>             |
| <b>Accumulated losses</b>                      | <b><u><u>(7,105)</u></u></b> |
| Lease liabilities reconciliation on transition |                              |
| Operating lease disclosure as at 30 June 2019  | 103,627                      |
| Less: discounted to present value              | <u>(2,335)</u>               |
| Lease liability as at 1 July 2019              | <b><u><u>101,292</u></u></b> |

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

# Mt Eliza Community Enterprise Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2019

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

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#### c) Leases

##### *The company as lessee*

At inception of a contract, the company assess 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.

#### 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 17: Leases where the company is the lessee.

Lease liabilities are shown as the present value of the remaining lease payments. 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 initial application.
- 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                            | 94,187                       |
| Lease liabilities                              | <u>(101,292)</u>             |
| <b>Accumulated losses</b>                      | <b><u><u>(7,105)</u></u></b> |
| Lease liabilities reconciliation on transition |                              |
| Operating lease disclosure as at 30 June 2019  | 103,627                      |
| Less: discounted to present value              | <u>(2,335)</u>               |
| Lease liability as at 1 July 2019              | <b><u><u>101,292</u></u></b> |

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

# Mt Eliza Community Enterprise Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2019

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

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#### f) Recognition exemption

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.

|                                       | 31-Dec-19 | 31-Dec-18 |
|---------------------------------------|-----------|-----------|
|                                       | \$        | \$        |
| Expenses relating to low value leases | 9,213     | -         |

### Note 3. Events subsequent to reporting date

There have been no events subsequent to reporting date that would materially effect 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 Mount Eliza, Victoria 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

AASB 16 removes the distinction between operating and finance lease. Prior to 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, finance leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. As a result, finance leases which were previously disclosed as property, plant and equipment have been reclassified to right-of-use assets upon adoption.

The company's lease portfolio includes its branch premises. The lease terms include:  
- a non-cancellable term of four years, six months commencing on the 1 May 2016.

# Mt Eliza Community Enterprise Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2019

### Note 7. Leases (continued)

#### 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.

|                    | 31-Dec-19     | 31-Dec-18 |
|--------------------|---------------|-----------|
|                    | \$            | \$        |
| <b>Current:</b>    |               |           |
| Lease liability    | 66,699        | -         |
| Unexpired Interest | (2,062)       | -         |
|                    | <u>64,638</u> | <u>-</u>  |

Impact on the current reporting period:

#### Lease liabilities

|  |               |          |
|--|---------------|----------|
| Initial recognition on adoption          | 101,293       | -        |
| Lease payments (interest component)      | (2,062)       | -        |
| Lease payments                           | (34,594)      | -        |
| Lease liabilities as at 31 December 2019 | <u>64,638</u> | <u>-</u> |

#### Maturity analysis

|                                    |               |          |
|------------------------------------|---------------|----------|
| - not later than 12 months         | 64,638        | -        |
| Total lease payments               | <u>64,638</u> | <u>-</u> |
| Less unexpired interest            | 1,440         | -        |
| Present value of lease liabilities | <u>63,198</u> | <u>-</u> |

#### b) Right-of-use assets

Right-of-use assets were measured at amount 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.

# Mt Eliza Community Enterprise Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2019

|  | 31-Dec-19 | 31-Dec-18 |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>b) Right-of-use assets (continued)</b>      |           |           |
| Impact on the current reporting period:        |           |           |
| <b>Right-of-use assets</b>                     |           |           |
| Balance at the beginning of the financial year | -         | -         |
| Initial recognition on adoption                | 317,881   | -         |
| Accumulated depreciation on adoption           | (223,694) | -         |
| Depreciation expense                           | (35,320)  | -         |
| Right-of-use assets as at 31 December 2019     | 58,867    | -         |

### c) Impact on the profit or loss

|   |              |
|---|--------------|
| Comparison under current AASB 16 and form AASB 17     | \$           |
| Decrease in occupancy and associated costs            | 38,717       |
| Increase in finance costs                             | (2,062)      |
| Increase in depreciation and amortisation expense     | (35,320)     |
| <b>Decrease in profit before tax</b>                  | <b>1,335</b> |
| Increase in current income tax expense                | 10,647       |
| Decrease in current income tax expense - deferred tax | (10,280)     |
| <b>Decrease in profit after tax</b>                   | <b>367</b>   |

### Note 8. Accumulated losses

|  |           |           |
|--|-----------|-----------|
| Balance at the beginning of the financial year       | (183,981) | (359,053) |
| Net profit from ordinary activities after income tax | 70,259    | 103,763   |
| Cumulative adjustment of leases under AASB 16        | (7,105)   | -         |
| Dividends provided for or paid                       | (40,356)  | (40,355)  |
| Balance at the end of the reporting period           | (161,182) | (295,645) |

### Note 9. Dividends provided for or paid

|  | 31-Dec-19 | 31-Dec-18 |
|--|-----------|-----------|
|  | Cents     | Cents     |
| a) Unfranked dividend declared in the period | 0.05      | 0.05      |
|  | 40,356    | 40,355    |

# Mt Eliza Community Enterprise Limited

## Directors' Declaration

In the opinion of the directors of Mount Eliza Community Enterprise 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



Reagan Harrison Barry

Dated this

10

day of

March

2020

**Mt Eliza Community Enterprise Ltd**

**ABN 18 139 499 326**

**Independent Audit Report to the members of Mt Eliza Community Enterprise Ltd**

***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Mt Eliza Community Enterprise Ltd (the company), which comprises the condensed balance sheet as at 31 December 2019, the condensed statements of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

***Director's Responsibility for the Half-Year Financial Report***

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

***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 Standards on Review Engagements ASRE 2140 *Review of an Interim 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 Mt Eliza Community Enterprise Ltd, ASRE 2410 requires that we comply with all 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.



**Mt Eliza Community Enterprise Ltd**

**ABN 18 139 499 326**

**Independent Audit Report to the members of Mt Eliza Community Enterprise Ltd**

***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*, provided to the directors of Mt Eliza Community Enterprise Ltd on 31 December 2019, would be in the same terms if provided to the directors as at the date of this auditor's review 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 Mt Eliza Community Enterprise Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

*Ashfords Audit and Assurance Pt Ltd*

Ashfords Audit and Assurance Pty Ltd



Andrew White

13 March 2020

Dingley

# Community Bank · Mt Eliza

89 Mt Eliza Way, Mt Eliza VIC 3930

Phone: (03) 9787 1224

Franchisee: Mt Eliza Community Enterprise Ltd

PO Box 307, Mt Eliza VIC 3930

Phone: 0412 380 727

ABN: 18 139 499 326

Share Registry:

RSD Chartered Accountants

PO Box 30, Bendigo VIC 3552

Phone: (03) 5445 4200

[www.bendigobank.com.au/mt-eliza](http://www.bendigobank.com.au/mt-eliza)

[www.facebook.com/mtelizacommunitybank](https://www.facebook.com/mtelizacommunitybank)

(MECE 04/20)