

# Somerset Region Community Enterprises Limited

ABN 33 138 179 450

Half-year Financial Report - 31 December 2023

**Somerset Region Community Enterprises Limited**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2023.

**Directors**

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Aaron Leigh Heck  
Jean Bray  
Sharyn Marree Voss  
Brett Wayne Freese  
Malcom John Sippel

Mark Edward Leahy  
Anne Louise Utz  
Chrisann Tin Ling Lee  
Laurisa Anne Wendt  
Sarah Moulds (appointed 29 November 2023)

**Principal activity**

The principal activity of the company during the financial half-year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

**Review of operations**

The profit for the company after providing for income tax amounted to \$204,292 (31 December 2022: \$179,851).

The Reserve Bank of Australia (RBA) increased the cash rate by 2.25% during the previous period from 0.85% to 3.10% at 31 December 2022. Since then the cash rate has increased by 1.25% to 4.35% as at 31 December 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

While the cash rate has increased, from 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has impacted the income earned on these products.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial half-year.

**Matters subsequent to the end of the financial half-year**

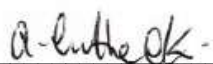
No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

  
\_\_\_\_\_  
Aaron Leigh Heck  
Chair

8 March 2024



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Somerset Region Community Enterprises Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2023 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- ii. any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 8 March 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

**Jessica Ritchie**  
**Lead Auditor**

**Somerset Region Community Enterprises Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

	<b>Note</b>	<b>31-Dec-23</b> <b>\$</b>	<b>31-Dec-22</b> <b>\$</b>
Revenue from contracts with customers	2	629,645	604,453
Other revenue		-	1,667
Finance revenue		5,047	557
Total revenue		<u>634,692</u>	<u>606,677</u>
Employee benefits expense		(241,635)	(233,538)
Advertising and marketing costs		(4,303)	(3,798)
Occupancy and associated costs		(9,602)	(12,361)
Systems costs		(9,345)	(8,155)
Depreciation and amortisation expense		(25,974)	(21,040)
Finance costs		(3,278)	(3,804)
General administration expenses		(48,912)	(80,123)
Total expenses before community contributions and income tax		<u>(343,049)</u>	<u>(362,819)</u>
<b>Profit before community contributions and income tax expense</b>		291,643	243,858
Charitable donations, sponsorships and grants expense		<u>(20,724)</u>	<u>(3,964)</u>
<b>Profit before income tax expense</b>		270,919	239,894
Income tax expense		<u>(66,627)</u>	<u>(60,043)</u>
<b>Profit after income tax expense for the half-year</b>		204,292	179,851
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u><u>204,292</u></u>	<u><u>179,851</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		33.63	29.61
Diluted earnings per share		33.63	29.61

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Somerset Region Community Enterprises Limited**  
**Statement of financial position**  
**As at 31 December 2023**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	778,335	545,117
Trade and other receivables	101,793	112,234
Total current assets	<u>880,128</u>	<u>657,351</u>
<b>Non-current assets</b>		
Property, plant and equipment	82,896	86,812
Right-of-use assets	82,165	94,605
Intangibles	17,288	22,733
Deferred tax assets	11,748	10,605
Total non-current assets	<u>194,097</u>	<u>214,755</u>
<b>Total assets</b>	<u>1,074,225</u>	<u>872,106</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	56,265	31,061
Lease liabilities	44,159	39,708
Current tax liabilities	109,571	51,157
Employee benefits	45,235	45,522
Total current liabilities	<u>255,230</u>	<u>167,448</u>
<b>Non-current liabilities</b>		
Lease liabilities	51,122	71,319
Employee benefits	9,328	6,738
Provisions	21,697	21,156
Total non-current liabilities	<u>82,147</u>	<u>99,213</u>
<b>Total liabilities</b>	<u>337,377</u>	<u>266,661</u>
<b>Net assets</b>	<u>736,848</u>	<u>605,445</u>
<b>Equity</b>		
Issued capital	585,786	585,786
Retained earnings	151,062	19,659
<b>Total equity</b>	<u>736,848</u>	<u>605,445</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Somerset Region Community Enterprises Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**

	<b>Note</b>	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2022</b>		585,786	(163,185)	422,601
Profit after income tax expense		-	179,851	179,851
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	179,851	179,851
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	3	-	(30,370)	(30,370)
<b>Balance at 31 December 2022</b>		<u>585,786</u>	<u>(13,704)</u>	<u>572,082</u>
 <b>Balance at 1 July 2023</b>		 585,786	 19,659	 605,445
Profit after income tax expense		-	204,292	204,292
Other comprehensive income, net of tax		-	-	-
		-	204,292	204,292
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	3	-	(72,889)	(72,889)
<b>Balance at 31 December 2023</b>		<u>585,786</u>	<u>151,062</u>	<u>736,848</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Somerset Region Community Enterprises Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2023**

	<b>Note</b>	<b>31-Dec-23</b> \$	<b>31-Dec-22</b> \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		703,737	617,457
Payments to suppliers and employees (inclusive of GST)		(370,747)	(387,671)
Interest received		5,047	557
Income taxes paid		(9,356)	(6,915)
Net cash from operating activities		<u>328,681</u>	<u>223,428</u>
<b>Cash flows from financing activities</b>			
Dividends paid	3	(72,889)	(30,370)
Repayment of lease liabilities		(22,574)	(20,987)
Net cash used in financing activities		<u>(95,463)</u>	<u>(51,357)</u>
Net increase in cash and cash equivalents		233,218	172,071
Cash and cash equivalents at the beginning of the financial half-year		<u>545,117</u>	<u>374,607</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>778,335</u></u>	<u><u>546,678</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Somerset Region Community Enterprises Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 1. Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all of the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**Note 2. Revenue from contracts with customers**

	31-Dec-23 \$	31-Dec-22 \$
Margin income	539,682	506,324
Fee income	46,499	49,462
Commission income	43,464	48,667
	<hr/>	<hr/>
Revenue from contracts with customers	<u>629,645</u>	<u>604,453</u>

*Disaggregation of revenue*

All revenue from contracts with customers has been recognised at a point in time during the half-year.

**Note 3. Dividends**

The following dividends were provided for and paid to shareholders during the financial half-year as presented in the Statement of changes in equity and Statement of cash flows.

	31-Dec-23 \$	31-Dec-22 \$
Fully franked dividend of 12 cents per share (31-Dec-22: 5 cents)	<u>72,889</u>	<u>30,370</u>

The tax rate at which dividends have been franked is 25%.

**Note 4. Contingent assets and liabilities**

There were no contingent assets or liabilities at the date of this report.

**Note 5. Related party transactions**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2023 annual financial report.

**Note 6. Events after the reporting date**

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.




**Somerset Region Community Enterprises Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Aaron Leigh Heck  
Chair

8 March 2024



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
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(03) 5443 0344

# Independent auditor's review report to the Directors of Somerset Region Community Enterprises Limited

## Report on the half-year financial report

### Conclusion

We have reviewed the half-year financial report of Somerset Region Community Enterprises Limited (the company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Somerset Region Community Enterprises Limited does not present fairly, in all material respects, the company's financial position at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

### Responsibility of the directors for the financial report

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



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## Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo VIC 3550  
Dated: 8 March 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

**Jessica Ritchie**  
Lead Auditor