

Whitehorse Community Enterprises Ltd

ABN 67 106 202 304

Half-year Financial Report - 31 December 2023

Whitehorse Community Enterprises Ltd

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:

David Stewart Spong	Diane Elizabeth Fisher
Andrew Stephen Munroe	Peter John Enlund
Daniel Robert Watts	Priscilla Helen Mellado
Stuart Craig Burdack (appointed 1 October 2023)	Fotis Pantelis Pourgoutzidis (appointed 1 October 2023)
Donna Louise Goldsmith (appointed 1 December 2023)	Umberto Mecchi (resigned 9 August 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 \$376,161 (31 December 2022: \$375,639).

Operations have continued to perform in line with expectations.

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

On 21 November 2023, the company held its annual general meeting whereby shareholders resolved to set director remuneration in accordance with the following policy:

- Base fee for each director of \$8,000
- Additional fee for each Committee Chair of \$2,000
- Additional fee for Board Chair of \$7,000

Following this resolution, the company has recognised director fee expenses of \$40,515 (31 December 2022: \$15,000) in profit or loss for the financial half-year ended 31 December 2023.

There were no other 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

Since the end of the financial half-year the following significant events have occurred:

- The company intends to contract the refurbishment of its branch premises, which the directors estimate will cost approximately \$400,000 including contingencies. Once complete, the refurbishment will increase the company's property, plant and equipment and reduce the company's cash and cash equivalents.
- The company is negotiating with its landlord to enter into a new lease agreement for its branch premises, with the existing agreement expiring on 5 April 2024. Under the new lease term of 1 x 5 years and 2 x 5 year renewal options, the directors will record a material increase to its right-of-use assets and lease liabilities disclosed in the Statement of financial position of \$551,616.
- The company has entered into a new franchise agreement Bendigo Bank with effect from 5 April 2024. Consequently, the company will record a material increase to its intangible assets and trade and other payables disclosed in the Statement of financial position of \$77,337.

No other matters or circumstances have arisen since 31 December 2023 that have 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.

Whitehorse Community Enterprises Ltd
Directors' report
31 December 2023

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

David Spong

David Stewart Spong
Chairman

13 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 Whitehorse Community Enterprises Ltd

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', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 13 March 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

Lachlan Tatt
Lead Auditor

Whitehorse Community Enterprises Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31-Dec-23 \$	31-Dec-22 \$
Revenue from contracts with customers	2	1,008,817	1,005,185
Finance revenue		49,503	3,829
Total revenue		<u>1,058,320</u>	<u>1,009,014</u>
Employee benefits expense		(362,094)	(334,936)
Advertising and marketing costs		(1,285)	(27,705)
Occupancy and associated costs		(8,341)	(2,589)
Systems costs		(8,652)	(8,782)
Depreciation and amortisation expense		(34,796)	(35,454)
Finance costs		(707)	(2,430)
General administration expenses		(91,782)	(65,614)
Total expenses before community contributions and income tax		<u>(507,657)</u>	<u>(477,510)</u>
Profit before community contributions and income tax expense		550,663	531,504
Charitable donations, sponsorships and grants expense		(49,427)	(28,895)
Profit before income tax expense		501,236	502,609
Income tax expense		(125,075)	(126,970)
Profit after income tax expense for the half-year		376,161	375,639
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>376,161</u>	<u>375,639</u>
		Cents	Cents
Basic earnings per share		57.25	57.17
Diluted earnings per share		57.25	57.17

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

Whitehorse Community Enterprises Ltd
Statement of financial position
As at 31 December 2023

	31-Dec-23	30-Jun-23
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,671,083	2,383,388
Trade and other receivables	231,329	229,858
Total current assets	<u>2,902,412</u>	<u>2,613,246</u>
Non-current assets		
Property, plant and equipment	87,944	92,499
Right-of-use assets	11,696	35,009
Intangibles	3,095	9,688
Total non-current assets	<u>102,735</u>	<u>137,196</u>
Total assets	<u>3,005,147</u>	<u>2,750,442</u>
Liabilities		
Current liabilities		
Trade and other payables	136,777	168,321
Lease liabilities	13,245	43,363
Current tax liabilities	318,874	231,865
Employee benefits	34,767	26,713
Total current liabilities	<u>503,663</u>	<u>470,262</u>
Non-current liabilities		
Deferred tax liabilities	9,019	1,155
Employee benefits	4,402	2,870
Total non-current liabilities	<u>13,421</u>	<u>4,025</u>
Total liabilities	<u>517,084</u>	<u>474,287</u>
Net assets	<u>2,488,063</u>	<u>2,276,155</u>
Equity		
Issued capital	464,870	464,870
Retained earnings	2,023,193	1,811,285
Total equity	<u>2,488,063</u>	<u>2,276,155</u>

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

Whitehorse Community Enterprises Ltd
Statement of changes in equity
For the half-year ended 31 December 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		464,870	968,506	1,433,376
Profit after income tax expense		-	375,639	375,639
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	375,639	375,639
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	3	-	(65,701)	(65,701)
Balance at 31 December 2022		<u>464,870</u>	<u>1,278,444</u>	<u>1,743,314</u>
Balance at 1 July 2023		464,870	1,811,285	2,276,155
Profit after income tax expense		-	376,161	376,161
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	376,161	376,161
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	3	-	(164,253)	(164,253)
Balance at 31 December 2023		<u>464,870</u>	<u>2,023,193</u>	<u>2,488,063</u>

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

Whitehorse Community Enterprises Ltd
Statement of cash flows
For the half-year ended 31 December 2023

	Note	31-Dec-23	31-Dec-22
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,144,414	1,029,580
Payments to suppliers and employees (inclusive of GST)		(642,253)	(562,014)
Interest received		13,706	3,829
Interest and other finance costs paid		-	(153)
Income taxes paid		(32,864)	(13,454)
		<u>483,003</u>	<u>457,788</u>
Net cash from operating activities			
Cash flows from financing activities			
Dividends paid	3	(164,253)	(65,701)
Repayment of lease liabilities		(31,055)	(25,843)
		<u>(195,308)</u>	<u>(91,544)</u>
Net cash used in financing activities			
Net increase in cash and cash equivalents		287,695	366,244
Cash and cash equivalents at the beginning of the financial half-year		<u>2,383,388</u>	<u>1,379,058</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>2,671,083</u></u>	<u><u>1,745,302</u></u>

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

Whitehorse Community Enterprises Ltd
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information

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 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	954,628	947,679
Fee income	32,455	34,196
Commission income	<u>21,734</u>	<u>23,310</u>
Revenue from contracts with customers	<u><u>1,008,817</u></u>	<u><u>1,005,185</u></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 25 cents per share (31-Dec-22: 10 cents)	<u><u>164,253</u></u>	<u><u>65,701</u></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

On 21 November 2023, the company held its annual general meeting whereby shareholders resolved to set director remuneration in accordance with the following policy:

- Base fee for each director of \$8,000
- Additional fee for each Committee Chair of \$2,000
- Additional fee for Board Chair of \$7,000.

Following this resolution, the company has recognised director fee expenses of \$40,515 (31 December 2022: \$15,000) in profit or loss for the financial half-year ended 31 December 2023.

Other arrangements with related parties continue to be in place, which have not changed significantly during the financial half-year. For details on these arrangements, refer to the 30 June 2023 annual financial report.

Whitehorse Community Enterprises Ltd
Notes to the financial statements
31 December 2023

Note 6. Events after the reporting date

Since the end of the financial half-year the following significant events have occurred:

- The company intends to contract the refurbishment of its branch premises, which the directors estimate will cost approximately \$400,000 including contingencies. Once complete, the refurbishment will increase the company's property, plant and equipment and reduce the company's cash and cash equivalents.
- The company is negotiating with its landlord to enter into a new lease agreement for its branch premises, with the existing agreement expiring on 5 April 2024. Under the new lease term of 1 x 5 years and 2 x 5 year renewal options, the directors will record a material increase to its right-of-use assets and lease liabilities disclosed in the Statement of financial position of \$551,616.
- The company has entered into a new franchise agreement Bendigo Bank with effect from 5 April 2024. Consequently, the company will record a material increase to its intangible assets and trade and other payables disclosed in the Statement of financial position of \$77,337.

No other matters or circumstances have arisen since 31 December 2023 that have 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.

Whitehorse Community Enterprises Ltd
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

David Spong

David Stewart Spong
Chairman

13 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 Whitehorse Community Enterprises Ltd

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Whitehorse Community Enterprises Ltd (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 material 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 Whitehorse Community Enterprises Ltd 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 of the half-year financial report that is free from material misstatement, whether due to fraud error.

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.



Andrew Frewin Stewart
61 Bull Street, Bendigo VIC 3550
Dated: 13 March 2024



Lachlan Tatt
Lead Auditor