

**Canterbury Surrey Hills Community Finance Limited**

**ABN: 96 099 590 593**

**Interim Financial Report**

**For the Half-Year Ended 31 December 2019**

Canterbury Surrey Hills Community Finance Limited  
ABN 96 099 590 593  
**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 or since the end of the half-year:

Julian Ruth Byron  
Robert Einar Stensholt  
James Craig Grant  
Damien Leo Hudson  
Daizy Maan  
Hans Diederick Menting  
Michael Sapountzis  
Andrew Graham Whittaker

**Principal activities**

The principal activities of the company during the course of the financial period were providing Community Bank branch services under management rights to operate our franchised branches of Bendigo and Adelaide Bank Limited in Canterbury, Surrey Hills, Ashburton and Balwyn.

**Review and results of operations**

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was \$212,666 (2018 profit: \$229,775)

**New Accounting Standards Implemented**

The Company has implemented a new accounting standard that is applicable for the current reporting period. AASB 16 *Leases* has been applied retrospectively using the modified cumulative approach, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117 *Leases*.

**Matters subsequent to 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 C

**Significant changes in the state of affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this report.

**Auditor's independence declaration**

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 2 for the half year ended 31 December 2019.

The director's report is signed in accordance with a resolution of the Board of Directors at 26 February 2020.

  
Julian Ruth Byron  
Chairman

Dated: 26 February 2020



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Bendigo, Victoria  
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**Auditors Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Canterbury  
Surrey Hills Community Finance Limited**

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2019 there have been no contraventions of:

- (i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

**RSD Audit**

A handwritten signature in black ink, appearing to read 'Kathie Teasdale', written over a circular stamp or seal.

**Kathie Teasdale**  
Partner  
41A Breen Street  
Bendigo VIC 3550

Dated: 3 March 2020

Canterbury Surrey Hills Community Finances Limited  
ABN 96 099 590 593  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the half-year ended 31 December 2019**

	Half-Year Ended 31 December 2019 \$	Half-Year Ended 31 December 2018 \$
Revenue	2,662,939	2,423,648
Expenses		
Employment expenses	1,304,054	1,190,531
Depreciation - Right-to-use assets	166,980	
Depreciation - Other	55,265	53,131
Administration and general costs	330,308	318,710
Bad and doubtful debts expense	1,105	412
Occupancy expenses	64,454	237,705
Interest on lease liabilities	38,937	
IT expenses	59,324	52,173
Other expenses	14,115	22,185
	<u>2,034,542</u>	<u>1,874,847</u>
Profit before charitable donations & sponsorship	<u>628,397</u>	<u>548,801</u>
Charitable donations and sponsorship	335,065	230,160
Profit before income tax	<u>293,332</u>	<u>318,641</u>
Income tax expense	80,666	88,866
Profit for the period	<u>212,666</u>	<u>229,775</u>
Other comprehensive income	-	-
Total comprehensive income for the period	<u>212,666</u>	<u>229,775</u>
Profit attributable to members of the company	212,666	229,775
Total comprehensive income attributable to members of the company	<u>212,666</u>	<u>229,775</u>
Earnings per share (cents per share)		
- basic earnings per share	7.55	7.69

The accompanying notes form part of these financial statements

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Financial Position**  
**as at 31 December 2019**

	As at 31 December 2019 \$	As at 30 June 2019 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	553,255	125,180
Trade and other receivables	473,124	459,030
Financial assets	1,800,000	2,100,000
Other assets	105,154	98,894
<b>Total Current Assets</b>	<u>2,931,533</u>	<u>2,783,104</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	249,478	277,215
Intangible assets	149,353	174,025
Deferred tax assets	58,908	45,760
Right-of-use assets	1,735,479	-
<b>Total Non-Current Assets</b>	<u>2,193,218</u>	<u>497,000</u>
<b>Total Assets</b>	<u>5,124,751</u>	<u>3,280,104</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	259,169	192,160
Provisions	166,527	147,997
Current tax payable	26,285	29,724
Lease liabilities	307,962	-
<b>Total Current Liabilities</b>	<u>759,943</u>	<u>369,881</u>
<b>Non-Current Liabilities</b>		
Provisions	33,372	30,462
Lease liabilities	1,448,031	-
<b>Total Non-Current Liabilities</b>	<u>1,481,403</u>	<u>30,462</u>
<b>Total Liabilities</b>	<u>2,241,346</u>	<u>400,343</u>
<b>Net Assets</b>	<u>2,883,405</u>	<u>2,879,761</u>
<b>Equity</b>		
Issued capital	1,308,628	1,321,250
Retained earnings	1,574,777	1,558,511
<b>Total Equity</b>	<u>2,883,405</u>	<u>2,879,761</u>

The accompanying notes form part of these financial statements

Canterbury Surrey Hills Community Finance Limited  
ABN 96 099 590 593

Statement of Changes in Equity  
for the half-year ended 31 December 2019

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019		1,321,250	1,558,511	2,879,761
Comprehensive income for the half year				
Profit for the half year		-	212,666	212,666
Transactions with owners in their capacity as owners				
Share buy-backs		(12,622)	-	(12,622)
Dividends paid or provided	4	-	(196,400)	(196,400)
Balance at 31 December 2019		<u>1,308,628</u>	<u>1,574,777</u>	<u>2,883,405</u>
Balance at 1 July 2018		1,483,908	1,369,959	2,853,867
Comprehensive income for the half year				
Profit for the half year		-	229,775	229,775
Transactions with owners in their capacity as owners				
Share buy-backs		(22,025)	-	(22,025)
Dividends paid or provided	4	-	(208,922)	(208,922)
Balance at 31 December 2018		<u>1,461,883</u>	<u>1,390,812</u>	<u>2,852,695</u>

The accompanying notes form part of these financial statements

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2019**

	Half-Year Ended 31 December 2019 \$	Half-Year Ended 31 December 2018 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	2,869,999	2,585,529
Interest received	27,652	25,013
Payments to suppliers and employees	(2,275,035)	(2,190,257)
Interest expense	(38,944)	-
Income tax paid	(97,253)	(87,494)
<b>Net cash flows generated by operating activities</b>	<b>486,419</b>	<b>332,791</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of financial assets	300,000	300,000
Purchase of property, plant and equipment	(2,856)	-
Purchase of intangible assets	-	(120,850)
<b>Net cash flows generated by investing activities</b>	<b>297,144</b>	<b>179,150</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of leases	(146,466)	-
Payments for share buy-back	(12,622)	(22,025)
Dividends paid	(196,400)	(208,922)
<b>Net cash flows used in financing activities</b>	<b>(355,488)</b>	<b>(230,947)</b>
<b>Net increase in cash held</b>	<b>428,075</b>	<b>280,994</b>
Cash and cash equivalents at beginning of period	125,180	(12,004)
<b>Cash and cash equivalents at end of period</b>	<b>553,255</b>	<b>268,990</b>

The accompanying notes form part of these financial statements

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2019**

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Canterbury Surrey Hills Community Finance Limited ("the Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2019, together with any public announcements made during the following half-year.

**(b) Accounting policies**

With the exception of the below, the interim financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2019. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16 Leases became mandatorily effective for reporting period beginning on or after 1 January 2019. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from this standard is summarised in the section below.

**New and amended standards adopted as at 1 July 2019**

**AASB 16 Leases**

AASB 16 Leases replaces AASB 117 Leases and three associated Interpretations. The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, as permitted under the specific transition provisions in the standard.

For contracts in place at the date of initial application, as permitted under the specific transition provisions in the standard, the Company has elected to apply the definition of a lease from AASB 117 and relevant associated interpretations, and has not applied AASB 16 to arrangements that were previously not identified as a lease under AASB 117 and associated interpretations. This means that any contracts that were deemed to not contain a lease under AASB 117 have not been reassessed under AASB 16.

The Company has also elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. Furthermore, at this date, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets (less than \$10,000) the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.22%.



**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2019**

**1. Summary of significant accounting policies (continued)**

**(b) Accounting policies (continued)**

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

Total operating lease commitments disclosed at 30 June 2019	1,282,215
Recognition exemptions:	
• leases of low value assets	-
• leases with remaining lease terms of less than 12 months	-
Variable lease payments not recognised	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	<u>1,282,215</u>
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	1,902,459

	\$
Lease liability as at 1 July 2019	-
Represented by:	
Current lease liabilities	376,209
Non-current lease liabilities	<u>1,526,250</u>
	<u>1,902,459</u>

*Adjustments recognised in the balance sheet on 1 July 2019*

The recognised right-of-use assets relate to the following types of assets:

	31 Dec 2019	1 July 2019
	\$	\$
Properties	1,755,991	1,902,459
<b>Total right-of-use assets</b>	<u>1,755,991</u>	<u>1,902,459</u>

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

Balance sheet item	Effect	Amount
Property, plant and equipment	Increase	1,902,459
Deferred tax assets	Increase/Decrease	13,148
Lease liabilities	Increase/Decrease	1,902,459
Retained earnings	No effect	-

**Change in accounting policies**

Accounting policy applicable from 1 July 2019

*The Company as a lessee*

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2019**

**1. Summary of significant accounting policies (continued)**

**(b) Accounting policies (continued)**

**Change in accounting policies (continued)**

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in borrowings.

Accounting policy applicable before 1 July 2019

*The Company as a lessee*

*Finance leases*

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the

*Operating leases*

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2019**

**1. Summary of significant accounting policies (continued)**

**(b) Accounting policies (continued)**

**Impact of standards issued but not yet applied by the entity**

**AASB 17 Insurance Contracts**

AASB 17 was issued in July 2017 as replacement for AASB 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under AASB 9.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. As the company does not issue any insurance contracts or investment contracts with discretionary participation features, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

**AASB 1059 Service Concession Arrangements: Grantors**

The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

As the company is not a grantor in a service concession arrangement, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

**(c) Critical accounting estimates and judgements**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2019.

**2. Events after the End of the Interim Period**

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

**3. Contingent assets and liabilities**

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

	2019 \$	2018 \$
<b>4. Dividends</b>		
A final fully franked dividend of 7 cents per share for the year ended 30 June 2019 was declared in the half year period to 31 December 2019 (Dec 2018: 7 cents)	196,400	208,922

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2019**

**5. Earnings per share**


Basic earnings per share (cents)	7.55	7.69
Earnings used in calculating basic earnings per share	212,666	229,775
Weighted average number of ordinary shares used in calculating basic earnings per share.	2,817,387	2,988,091

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Directors' Declaration**  
**for the half-year ended 31 December 2019**

In accordance with a resolution of the Directors of Canterbury Surrey Hills Community Finance Limited, the Directors of the Company declare that:

- (1) the financial statements and notes set out on pages 3 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (b) giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, 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.

  
.....  
Julianne Ruth Byron  
Chairman

Signed at Balwyn on 26 February 2020



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## **Independent Auditor's Review Report**

To the shareholders of Canterbury Surrey Hills Community Finance Limited

### **Report on the half-year financial report**

We have reviewed the accompanying Interim Financial Report of Canterbury Surrey Hills Community Finance Limited.

The Interim Financial Report comprises the interim statement of financial position as at 31 December 2019, the interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim 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.

The interim period is the six months ended on 31 December 2019.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Canterbury Surrey Hills Community Finance 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 Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **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 gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including:

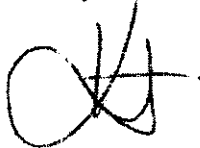
- giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Canterbury Surrey Hills Community Finance 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 Canterbury Surrey Hills Community Finance Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



**Kathie Teasdale**  
Partner  
RSD Audit

**Dated:** 3 March 2020