

Heidelberg District Community Enterprise Limited

ABN: 62 095 312 744

Financial Statements

For the half-year ended

31 December 2017

Heidelberg District Community Enterprise Limited

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2017.

Directors

The names of directors who held office during the half-year and until the date of this report are as below:

David John Mayne
Nancy Louise Caple
Evelyn Stagg
Russell James Hutchins
Brian Thomas Simpson
John Kenneth Nelson
Jason Gerard Dwyer
Peter Richard Drapac
Peter Panayiotis Panatsos
Anne Marie Rogan (*Appointed 28 August 2017*)
John Nota (*Appointed 27 November 2017*)

Principal activities

The principal activities of the company during the financial year were facilitating **Community Bank®** services under management rights to operate franchised branches 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 31 December 2017	Half-year ended 31 December 2016
\$ 247,731	\$ 131,781

Events after the end of the reporting period

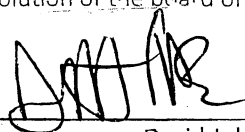
There are no matters or circumstances that have arisen since the end of the half-year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the board of directors at Heidelberg, Victoria on 26 February 2018.

Chairman



David John Mayne

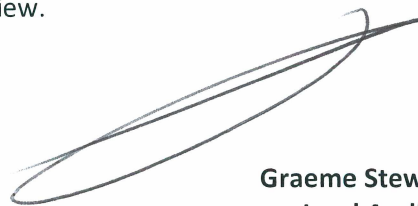
Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Heidelberg District Community Enterprise Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2017 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 26 February 2018



Graeme Stewart
Lead Auditor

Heidelberg District Community Enterprise Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	2017 \$	2016 \$
Revenue from ordinary activities	1,237,541	1,144,178
Employee benefits expense	(437,309)	(451,771)
Charitable donations, sponsorship, advertising and promotion	(119,898)	(135,589)
Occupancy and associated costs	(122,128)	(138,857)
Systems costs	(50,372)	(51,068)
Depreciation and amortisation expense	(34,728)	(33,402)
Finance costs	(27)	(26)
General administration expenses	(131,381)	(151,698)
Profit before income tax	341,698	181,767
Income tax expense	(93,967)	(49,986)
Profit after income tax	247,731	131,781
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	247,731	131,781
Earnings per Share	¢	¢
Basic earnings per share:	10.78	5.73

Heidelberg District Community Enterprise Limited

Balance Sheet

As at 31 December 2017

	31-Dec-2017	30-Jun-2017
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,068,541	866,328
Trade and other receivables	241,020	209,040
Total current assets	1,309,561	1,075,368
Non-current assets		
Property, plant and equipment	1,305,907	1,327,981
Intangible assets	41,052	53,706
Deferred tax assets	20,518	19,075
Total non-current assets	1,367,477	1,400,762
Total assets	2,677,038	2,476,130
LIABILITIES		
Current liabilities		
Trade and other payables	70,103	68,633
Current tax liabilities	150,606	68,800
Borrowings	1,039	1,012
Provisions	110,661	103,182
Total current liabilities	332,409	241,627
Non-current liabilities		
Provisions	6,021	5,723
Total non-current liabilities	6,021	5,723
TOTAL LIABILITIES	338,430	247,350
NET ASSETS	2,338,608	2,228,780
EQUITY		
Issued capital	1,641,165	1,641,165
Reserves	72,060	72,060
Retained earnings	625,383	515,555
TOTAL EQUITY	2,338,608	2,228,780

Heidelberg District Community Enterprise Limited

Statement of Changes in Equity

For the half-year ended 31 December 2017

	Note	Issued Capital \$	Retained Earnings \$	Reserves \$	Total Equity \$
Balance at 1 July 2016		1,641,165	329,112	72,060	2,042,337
Total comprehensive income for the half-year		-	131,781	-	131,781
Transactions with owners in their capacity as owners:					
Shares issued during period		-	-	-	-
Costs of issuing shares		-	-	-	-
Dividends provided for or paid	6	-	(114,919)	-	(114,919)
Balance at 31 December 2016		1,641,165	345,974	72,060	2,059,199
Balance at 1 July 2017		1,641,165	515,555	72,060	2,228,780
Total comprehensive income for the half-year		-	247,731	-	247,731
Transactions with owners in their capacity as owners:					
Shares issued during period		-	-	-	-
Costs of issuing shares		-	-	-	-
Dividends provided for or paid	6	-	(137,903)	-	(137,903)
Balance at 31 December 2017		1,641,165	625,383	72,060	2,338,608

Heidelberg District Community Enterprise Limited

Statement of Cash Flows

For the half-year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,343,895	1,235,181
Payments to suppliers and employees		(998,437)	(1,024,668)
Interest received		8,262	5,554
Income taxes paid/refunded		(13,604)	1,164
Net cash provided by operating activities		340,116	217,231
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(3,413)
Net cash provided by/(used in) investing activities		-	(3,413)
Cash flows from financing activities			
Dividends paid	6	(137,903)	(114,919)
Net cash used in financing activities		(137,903)	(114,919)
Net increase in cash held		202,213	98,899
Cash and cash equivalents at the beginning of the financial year		866,328	535,896
Cash and cash equivalents at the end of the half-year		1,068,541	634,795

Heidelberg District Community Enterprise Limited

Notes to the Financial Statements

For the half-year ended 31 December 2017

Note 1. Summary of significant accounting policies

Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34: Interim Financial Reporting*.

Basis of preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

There are no new and revised Accounting Standards or amendments thereof or interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2017.

Note 2. Events subsequent to reporting date

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

Note 3. Contingent assets and liabilities

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

Note 4. Segment reporting

The economic entity operates in a single service sector where it facilitates community banking services in the Melbourne suburbs of East Ivanhoe and Heidelberg, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 5. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2017 annual financial report.

Heidelberg District Community Enterprise Limited

Notes to the Financial Statements

For the half-year ended 31 December 2017

Note 6.	Dividends paid	2017		2016	
		Cents	\$	Cents	\$
	Dividend declared and paid during the period:	6.00	137,903	5.00	114,919
	100% fully franked (2016: 100%)				

The tax rate at which dividends have been franked is 27.5% (2016: 27.5%).

Note 7. Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets and liabilities have been classified into the three levels prescribed under the accounting standards, as outlined above.

At 31 December 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements:				
Available-for-sale financial assets				
Property, Plant and Equipment				
Freehold land	-	440,000	-	440,000
Buildings	-	660,000	-	660,000
	-	1,100,000	-	1,100,000
Total assets at fair value	-	1,100,000	-	1,100,000

Heidelberg District Community Enterprise Limited

Notes to the Financial Statements

For the half-year ended 31 December 2017

Note 7. Fair value measurement *(continued)*

At 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Available-for-sale financial assets				
Property, Plant and Equipment				
Freehold land	-	440,000	-	440,000
Buildings	-	660,000	-	660,000
	-	1,100,000	-	1,100,000
Total assets at fair value	-	1,100,000	-	1,100,000

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The freehold land and buildings were independently valued at 22 April 2013 by Miles Real Estate, a member of the Real Estate Institute of Victoria (REIV). Members of REIV are governed by a code of conduct and are constantly updated on the latest legislative changes.

Heidelberg District Community Enterprise Limited

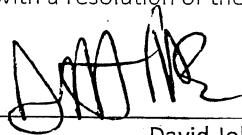
Directors' Declaration

In the opinion of the directors of Heidelberg District 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 2017 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



David John Mayne

Dated this

26th

day of

February

2018.

Independent auditor's review report to the members of Heidelberg District Community Enterprise Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Heidelberg District Community Enterprise Limited, which comprises the balance sheet as at 31 December 2017, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls 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 the 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 2017 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 Heidelberg District Community Enterprise 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 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

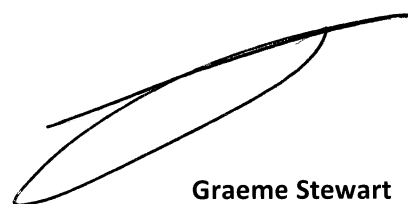
Auditor's opinion

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 Heidelberg District Community Enterprise Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position at 31 December 2017 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 26 February 2018



Graeme Stewart
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners
in success



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