

Heidelberg District Community Enterprise Limited

Financial Statements
for the half-year ended 31 December 2015

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2015.

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

Graham Peter Norman

Russell James Hutchins

Brian Thomas Simpson

Geva Maria Murano

Lynne Patricia Johnson

John Kenneth Nelson (*Appointed 2 December 2015*)

Janette Marie Corcoran (*Resigned 10 November 2015*)

Principal Activities

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

Review and Results 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: \$92,215 [2014: \$101,794].

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 company.

Auditors' 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 directors at East Ivanhoe, Victoria on 29 February 2016.



David John Mayne, Chairman

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 2015 there have been no contraventions of:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 29 February 2016



Graeme Stewart
Lead Auditor

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2015

	2015	2014
	\$	\$
Revenue from ordinary activities	1,082,111	1,138,014
Employee benefits expense	(432,127)	(438,691)
Charitable donations, sponsorship, advertising and promotion	(133,679)	(170,833)
Occupancy and associated costs	(140,778)	(138,717)
Systems costs	(60,369)	(62,512)
Depreciation and amortisation expense	(36,640)	(36,977)
Finance costs	(24)	(24)
General administration expenses	(146,758)	(143,697)
	<hr/>	<hr/>
Profit before income tax expense	131,736	146,563
Income tax expense	(39,521)	(44,769)
	<hr/>	<hr/>
Profit after income tax expense	92,215	101,794
	<hr/>	<hr/>
Total comprehensive income for the year attributable to members	92,215	101,794
	<hr/> <hr/>	<hr/> <hr/>
Earnings per Share	c	c
Basic from profit for the period:	4.01	4.43

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Balance Sheet
as at 31 December 2015

	31-Dec 2015 \$	30-Jun 2015 \$
ASSETS		
Current Assets		
Cash assets	540,287	593,896
Trade and other receivables	199,068	169,206
Current tax asset	-	808
Total Current Assets	<u>739,355</u>	<u>763,910</u>
Non-Current Assets		
Property, plant and equipment	1,368,671	1,392,654
Intangible assets	91,426	67,868
Deferred tax asset	24,080	31,883
Financial assets	10,000	10,000
Total Non-Current Assets	<u>1,494,177</u>	<u>1,502,405</u>
Total Assets	<u>2,233,532</u>	<u>2,266,315</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	63,013	67,226
Current tax liabilities	16,654	-
Borrowings	936	912
Provisions	68,877	81,493
Total Current Liabilities	<u>149,480</u>	<u>149,631</u>
Non-Current Liabilities		
Provisions	19,736	29,664
Total Non-Current Liabilities	<u>19,736</u>	<u>29,664</u>
Total Liabilities	<u>169,216</u>	<u>179,295</u>
Net Assets	<u>2,064,316</u>	<u>2,087,020</u>
Equity		
Issued capital	1,641,165	1,641,165
Reserves	72,060	72,060
Retained earnings	351,091	373,795
Total Equity	<u>2,064,316</u>	<u>2,087,020</u>

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Statement of Changes in Equity
for the half-year ended 31 December 2015

	Issued Capital \$	Retained Earnings \$	Reserves \$	Total Equity \$
Balance at 1 July 2014	1,641,165	395,123	72,060	2,108,348
Total comprehensive income for the year	<u>-</u>	<u>101,794</u>	<u>-</u>	<u>101,794</u>
	1,641,165	496,917	72,060	2,210,142
Transactions with owners in their capacity as owners:				
Shares issued during period	-	-	-	-
Costs of issuing shares	-	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(137,903)</u>	<u>-</u>	<u>(137,903)</u>
Balance at 31 December 2014	<u>1,641,165</u>	<u>359,014</u>	<u>72,060</u>	<u>2,072,239</u>
Balance at 1 July 2015	1,641,165	373,795	72,060	2,087,020
Total comprehensive income for the year	<u>-</u>	<u>92,215</u>	<u>-</u>	<u>92,215</u>
	1,641,165	466,010	72,060	2,179,235
Transactions with owners in their capacity as owners:				
Shares issued during period	-	-	-	-
Costs of issuing shares	-	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(114,919)</u>	<u>-</u>	<u>(114,919)</u>
Balance at 31 December 2015	<u>1,641,165</u>	<u>351,091</u>	<u>72,060</u>	<u>2,064,316</u>

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Statement of Cash Flows
for the half-year ended 31 December 2015

	2015	2014
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	1,169,550	1,249,977
Payments to suppliers and employees	(1,065,301)	(1,053,772)
Interest received	7,532	9,430
Income taxes paid	(14,256)	(31,250)
Net cash provided by operating activities	<u>97,525</u>	<u>174,385</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	-	(390)
Payments for intangible assets	(36,215)	(68,713)
Net cash used in investing activities	<u>(36,215)</u>	<u>(69,103)</u>
Cash Flows From Financing Activities		
Dividends paid	(114,919)	(137,903)
Net cash used in financing activities	<u>(114,919)</u>	<u>(137,903)</u>
Net decrease in cash held	(53,609)	(32,621)
Cash at the beginning of the financial year	593,896	580,679
Cash at the end of the half-year	<u><u>540,287</u></u>	<u><u>548,058</u></u>

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Notes to the financial statements
for the half-year ended 31 December 2015

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 2015 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 and 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 2015.

Note 2. 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 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 2015 annual financial report.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Notes to the financial statements
for the half-year ended 31 December 2015

Note 6. Dividends Paid/Provided

	2015 Cents	2015 \$	2014 Cents	2014 \$
Dividend declared and paid during the period:	5	114,919	6	137,903
100% fully franked (2014: 100%)				

The tax rate at which dividends have been franked is 30% (2014: 30%).

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 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Property, Plant and Equipment				
Freehold land	-	440,000	-	440,000
Buildings	-	660,000	-	660,000
Total assets at fair value	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>

At 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Property, Plant and Equipment				
Freehold land	-	440,000	-	440,000
Buildings	-	660,000	-	660,000
Total assets at fair value	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>

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.


Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
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 2015 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.

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

This declaration is made in accordance with a resolution of the board of directors.



David John Mayne, Chairman

Dated this 29th day of February 2016.

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 2015, 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 2015 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*.

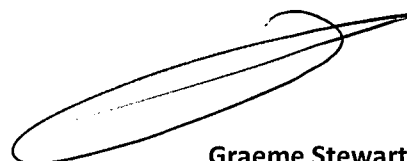
Auditor's opinion

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 2015 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: 29 February 2016



Graeme Stewart
Lead Auditor