# Community Information Support Services Ltd

*A Company Limited Guarantee* *ABN 30 143 384 043*

# FINANCIAL STATEMENTS
# 30th June 2019

**INDEX** **Page**



**Auditor:**
Jason O'Connor CA
www.joconnorptyltd.com.au

## Statement of profit or loss and other comprehensive income

For the year ended 30th June 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **INCOME** | | | |
| Donations | | **86,010.26** | 22,705.67 |
| Grants received | | **72,798.78** | 49,480.38 |
| Interest received | | **72.10** | 59.62 |
| Membership and subscriptions | | **772,692.07** | 606,993.05 |
| Projects | | **767,942.68** | 204,253.89 |
| Sundry income | | **3,010.40** | 240,843.33 |
| **Total Income** | | **1,702,526.29** | 1,124,335.94 |
| **EXPENDITURE** | | | |
| Accounting and bookkeeping | | **11,050.48** | 7,711.50 |
| Advertising and promotion | | **15,843.43** | 5,921.40 |
| Consultants | | **35,243.05** | 6,110.65 |
| Depreciation and amortisation | | **78,129.13** | 626.04 |
| Employee entitlements | | **612,923.13** | 513,568.37 |
| Information Technology and software | | **57,022.03** | 14,787.61 |
| Insurance | | **5,688.59** | 1,301.90 |
| Interest paid | | **19,143.15** | 12,674.46 |
| Licence fees | | **469,145.46** | 138,903.64 |
| Occupancy costs | | **23,773.63** | - |
| Postage, printing and stationery | | **4,386.61** | 4,218.24 |
| Project expenses | | **58.80** | 392,230.97 |
| Sundry expense | | **11,317.56** | 11,845.97 |
| Telephone and internet | | **3,580.81** | 3,112.33 |
| Training and development | | **12,110.37** | 1,005.75 |
| Travel and accommodation | | **45,148.33** | 16,656.91 |
| **Total Expenditure** | | **1,404,564.56** | 1,130,675.74 |
| **Surplus / (Deficit) before income tax expense** | | **297,961.73** | (6,339.80) |
| Income tax expense | 1 | **-** | - |
| **Surplus / (Deficit) after income tax expense for the year attributable to the members** | | **297,961.73** | (6,339.80) |
| Other comprehensive income for the year, net of tax | | **-** | - |
| **Total comprehensive income for the year attributable to the members.** | | **297,961.73** | (6,339.80) |

## Statement of financial position

As of 30 June 2019

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| **CURRENT ASSETS** | | |
| Cash on hand | **500.00** | 500.00 |
| Cash at bank | **115,943.02** | 22,001.34 |
| Cash on deposit | **0.85** | 0.85 |
| Accounts receivables | **165,610.93** | 81,539.50 |
| **Total Current Assets** | **282,054.80** | 104,041.69 |
| **NON-CURRENT ASSETS** | | |
| Plant and equipment at cost | **37,071.61** | 1,938.31 |
| Less accumulated depreciation | **(1,626.65)** | (424.83) |
| Licence assets at cost | **142,804.48** | 77,216.76 |
| Less accumulated depreciation | **(57,798.79)** | (201.21) |
| Licence assets at fair value | **1,160,000.00** | 1,160,000.00 |
| Less accumulated depreciation | **(19,329.73)** | - |
| **Total Non-Current Assets** | **1,261,120.92** | 1,238,529.03 |
| **Total Assets** | **1,543,175.72** | 1,342,570.72 |
| **CURRENT LIABILITIES** | | |
| Accounts payables | **27,882.10** | 87,230.01 |
| Australian Taxation Office payables | **165,955.91** | 195,881.58 |
| GST payable | **54,644.44** | 25,245.89 |
| Loans payable | **35,385.31** | 70,385.30 |
| PAYG withholding payable | **24,440.00** | 14,350.04 |
| Provision for employee entitlements | **74,598.07** | 61,226.20 |
| Sundry payables | **66.82** | 9,092.25 |
| Superannuation payable | **19,957.45** | 36,875.56 |
| **Total Current Liabilities** | **402,930.10** | 500,286.83 |
| **Total Liabilities** | **402,930.10** | 500,286.83 |
| **Net Assets** | **1,140,245.62** | 842,283.89 |
| **EQUITY** | | |
| Asset revaluation reserve | **1,160,000.00** | 1,160,000.00 |
| Accumulated surplus | **(19,754.38)** | (317,716.11) |
| **Total Equity** | **1,140,245.62** | 842,283.89 |

## Statement of changes in equity

For the year ended 30th June 2019

| | Reserves<br>$ | Accumulated Surplus<br>$ | TOTAL<br>$ |
|---|---|---|---|
| Opening balance 1 July 2017 | - | (311,376.31) | (311,376.31) |
| Current year Surplus/(Deficit) | - | (6,339.80) | (6,339.80) |
| Plus, revaluation | 1,160,000.00 | - | 1,160,000.00 |
| **Closing Balance 30 June 2018** | **1,160,000.00** | **(317,716.11)** | **842,283.89** |
| Opening balance 1 July 2018 | 1,160,000.00 | (317,716.11) | 842,283.89 |
| Current year Surplus/(Deficit) | - | 297,961.73 | 297,961.73 |
| Plus, revaluation | - | - | - |
| **Closing Balance 30 June 2019** | **1,160,000.00** | **(19,754.38)** | **1,140,245.62** |

## Statement of cash flows
For the year ended 30th June 2019

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers | **1,780,027.15** | 1,156,434.67 |
| Payments to suppliers and employees | **(1,501,367.74)** | (1,185,367.97) |
| Interest received | **72.10** | 59.62 |
| Interest paid | **(19,143.15)** | (12,674.46) |
| **Net Cash Provided by Operating Activities (note 3)** | **259,588.36** | (41,548.14) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of plant and equipment | **(35,133.30)** | (1,938.31) |
| Purchase of licence assets | **(65,587.72)** | (77,216.76) |
| **Net Cash Used in Investing Activities** | **(100,721.02)** | (79,155.07) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of Loans | **(64,925.66)** | - |
| Proceeds from borrowings | **-** | 128,896.81 |
| **Net Cash Used in Financing Activities** | **(64,925.66)** | 128,896.81 |
| **Net Increase in Cash Held** | **93,941.68** | 8,193.60 |
| Cash at the beginning of the year | **22,502.19** | 14,308.59 |
| **Cash at the end of the year (note 3)** | **116,443.87** | 22,502.19 |

## Notes to the financial statements

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Non-For-Profits Commission Act 2012 requirements to prepare and distribute financial statements to the members of **Community Information Support Services Ltd**. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of **Community Information Support Services Ltd**.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards'.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Licence assets at fair value**

The licence assets at fair value were independently valued by Colleen Tarrant CPA MBA of IN8 Business Advisory on the 10$^{th}$ August 2018 using and estimated discounted cash flow analysis method.

**Income tax**

The company is exempt from income tax in accordance with the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Economic dependency**

Under the Master Distributor License agreement between Community Information Support Services Ltd and My Community Directory Pty Ltd date the 6$^{th}$ September 2013, Community Information Support Services Ltd is economically dependent upon My Community Directory Pty Ltd for payment of Licence fees. My Community Directory Pty Ltd has provided a letter of comfort dated 21$^{st}$ June 2020 stating that My Community Directory Pty Ltd will not demand payment for its share of licence fee income from Community Information Support Services Limited if doing so creates a going concern or cash flow deficient position.

**Property, plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Plant and equipment | 5% to 25% |
| Licence assets | 5% to 25% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the membership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain membership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

*Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been considered.

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| **Note 3: cash flow information** | | |
| **a. reconciliation of cash flows from surplus** | | |
| Surplus / (Deficit) attributable to members | **297,961.73** | (6,339.80) |
| **Non-Cash flows in surplus** | | |
| Depreciation | **78,129.13** | 626.04 |
| **Changes in assets and liabilities** | | |
| (Increase) / decrease in accounts receivables | **(84,071.43)** | (77,998.72) |
| Increase / (decrease) in accounts payables | **(59,347.91)** | 2,838.04 |
| Increase / (decrease) GST payable | **29,398.55** | 24,265.39 |
| Increase / (decrease) PAYG withholding payable | **10,089.96** | 2,938.04 |
| Increase / (decrease) Provision for employee entitlements | **13,371.87** | 838.72 |
| Increase / (decrease) Sundry payables | **(9,025.43)** | 6,984.54 |
| Increase / (decrease) Superannuation payable | **(16,918.11)** | 4,299.61 |
| | **259,588.36** | (41,548.14) |
| **b. reconciliation of cash** | | |
| Cash on hand | **500.00** | 500.00 |
| Cash at bank | **115,943.02** | 22,001.34 |
| Cash on deposit | **0.85** | 0.85 |
| Less bank overdraft | **-** | - |
| **Total Cash** | **116,443.87** | 22,502.19 |
| **c. non - cash** | | |
| Licence assets at fair value | **-** | 1,160,000.00 |

## Responsible persons' declaration

Per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

1. the Company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purpose of complying with the Australian Charities and Non-for-Profits Commission Act 2012 and regulations.
2. the attached financial statements and notes thereto give a true and fair view of the Company's financial position as of **30 June 2019** and of its performance for the financial year ended on that date.
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
4. the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and regulations.

*Signed in accordance with subsection 60.15(2) of the Australian Charities and Non-for-Profits Commission Regulation 2013.*

*Brentyn Parkin - Chairperson*

*Dated this* 21st *day of* June *2020.*

## Independent audit report

***To the members of Community Information Support Services Ltd***

**Opinion**
We have audited the accompanying financial report of **Community Information Support Services Ltd**, which comprises the statement of financial position as at **30 June 2019**, the Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible persons' declaration.

In our opinion the financial report of the **Community Information Support Services Ltd** has been prepared in accordance with Company's Constitution, including.

1. giving a true and fair view of the Company's financial position as of **30th June 2019** and of its performance for the year ended on that date.
2. complying with Australian Accounting Standards to the extent described in Note 1; and
3. the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and regulations.

**Basis for opinion**
We conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia, and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is enough and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting**
We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist for the purpose of fulfilling the Company's financial reporting responsibilities under the Australian Charities and Non-for-Profits Commission Act 2012 and regulations. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Other Matters – Comparative Figures**
The comparative figures for the year ended 30th June 2018 were reviewed by Strout & Associates Pty Ltd, no audit opinion is expressed or implied that the comparative figures for the year ended 30th June 208 are presented true and fair.

**Responsibilities of Management and Those Charged with Governance for the Financial Report**
Management is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and to meet the needs of the members. The management's responsibility also includes such internal controls as the officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless Management either intent to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Management are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Report**
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

**Independence**
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Jason O'Connor CA**
Registered Company Auditor (No. 353931)

Liability limited by a scheme approved under Professional Standards Legislation

*Dated this* 21st *day of* June *2020.*

**Jason O'Connor B. Com CA**
PO Box 3361
WARNER QLD 4500

Telephone: (07) 3048 5727
Email: auditor@joconnorptyltd.com.au
Web: www.joconnorptyltd.com.au