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LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301

APPENDIX 4E PRELIMINARY FINAL REPORT

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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APPENDIX 4E PRELIMINARY FINAL REPORT

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company or LPE) is pleased to provide the Company's Appendix 4E Preliminary Final Report for the financial year ending 30 June 2019.

Current reporting period 1 July 2018 to 30 June 2019
 Previous corresponding period 1 July 2017 to 30 June 2018

Results for announcement to the market

	30 June 2019	30 June 2018	change
	\$	\$	%
Revenue from ordinary activities	28,476,525	22,119,492	28.7%
Profit/(loss) from ordinary activities after tax attributable to members	(2,181,690)	(1,080,057)	(102.0%)
Net profit/(loss) from ordinary activities after tax attributable to members	(2,181,690)	(1,080,057)	(102.0%)
Final & interim dividend	Nil	Nil	-

Review of operations

FY19 has been another exciting year, as we recorded revenue of \$28.5m after a slow start. The total customers we are financially responsible for is 21,555: an increase of 7,813 from the previous financial year.

The Company invested over \$1m in additional sales and support personnel and associated equipment, as it grew its presence in the SME and residential electricity market while remaining committed to our strata communities.

By listening to our customers, we have introduced a sustainable energy plan that will provide all multi-tenancy buildings access to renewable energy. This is done through on-site solar electricity generation that will provide a financial benefit not only to the body corporate but also the residents in these communities, further creating long-term supply agreements with our customers.

Throughout our growth, we have maintained focus on providing excellent customer service. Continuing this, we have invested in smarter systems to monitor and track service levels to both ensure maximum productivity and efficiency as well as guarantee the viability of our Australian-based customer contact centre – a major point of difference for the LPE brand.

Significant items

In October 2018, the Group secured a \$30m debt facility from leading global investment manager, BlackRock. The debt facility is being used to finance the Company's working capital as LPE expands its presence in the retail electricity market. \$6.1m was drawn down from the debt facility as at 30 June 2019.

Operating performance

This year, LPE again demonstrated strong growth with an increase in total customers of 7,813. The Company did not receive the benefit of a full years' value in sales revenue from these customers as most were not signed up until late in the second half of the financial year.

The Company's statutory results presented a revenue increase of 29% compared to the previous year, bringing the total to \$28.5m.

Dividend payments	Nil		
Dividend reinvestment plan	Nil		
		2019	2018
		\$	\$
Net tangible asset per security	0.0435		0.0004

Brief explanation of revenue and results

Results from the previous periods have been restated due to a change in the accounting treatment of embedded network site conversions. Under the new accounting standard AASB15 (effective 1 July 2018), when an embedded network goes live, revenue from site conversions are recognised as receivables and the associated costs are expensed as costs of goods sold. Previously, site-conversion costs were recognised as intangible assets and amortised over the period of the underlying contract, with the associated revenue recognised over the same period.

Entities over which the group gained control in FY19

LPE Infrastructure Pty Ltd, incorporated 25 September 2018.

Details of interests in associates and joint ventures

Nil.

Any other significant information

Nil.

Commentary on results

Significant customer growth during the period has led to an increase in both revenue and costs, including employee expenses primarily due to expansion of the sales team. With the implied financing component of site conversion (capital recovery), revenue is now being reported separately. As a result of the introduction of AASB15, electricity trading margins have increased to 18.5% (2018: 18% restated from 24%).

Returns to shareholders

There have been no buybacks or distributions to shareholders.

Significant features of operating performance

Growth in the current period is largely attributable to new Direct Market product offerings, particularly in the SME space.

Results of segments

All the Group's operations are within the Australian retail energy sector.

Trends in performance

The Group continues to demonstrate solid and consistent customer growth, reporting a 57% increase in customers from the previous period.

Any other factors affecting performance

Delays finalising debt funding restricted the company's growth during the first half of FY19.

The accounts are in the process of being audited

About Locality Planning Energy Holdings Limited (LPE)

LPE's wholly owned subsidiary Locality Planning Energy Pty Ltd, holds an Australian Energy Regulator (AER) Authority to sell electricity and utility services to residential, commercial and industrial customers throughout the National Energy Market. LPE specialises in electricity sales to strata communities, both existing and new developments; generating significant savings on electricity delivered to its customers.

LPE's unique purchasing model is matched against 5 to 10-year supply contracts providing LPE with consistent recurring revenues. LPE is transforming the electricity supply industry by providing an intelligent solution to help its customers reduce high electricity costs, with no risk and no upfront cost. LPE is at the forefront of innovative electricity supply with a commitment to the integration of technology to provide the highest savings and consumer advocacy to its customers.

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	\$	Restated* \$
Revenue		
Electricity Sales	5 27,722,990	21,348,695
Less cost of goods sold		
Energy usage charges	(10,493,261)	(7,499,849)
Network charges	(7,854,489)	(5,773,809)
Unrealised gain/losses on derivatives	42,945	-
Other COGS	(4,300,110)	(4,209,178)
Total cost of goods sold	<u>(22,604,915)</u>	<u>(17,482,836)</u>
Gain from trading	<u>5,118,075</u>	<u>3,865,859</u>
Other Income		
Interest received	5 753,535	751,878
Other receipts	5 -	18,919
Other expenses		
Bad and doubtful debts	(122,489)	(121,964)
Interest expense	(403,338)	(156,048)
Depreciation and amortisation	(248,589)	(219,683)
Employee costs	(4,041,043)	(3,038,296)
Gain/(loss) on disposal of assets	(29,771)	(5,768)
Other expenses	(2,355,208)	(1,366,909)
Professional costs	(852,862)	(808,045)
Loss from operations	<u>(2,181,690)</u>	<u>(1,080,057)</u>
Loss before income taxes	<u>(2,181,690)</u>	<u>(1,080,057)</u>
Income tax benefit/(expense)	6 -	-
Net loss for the period	<u>(2,181,690)</u>	<u>(1,080,057)</u>
Other comprehensive income	-	-
Other comprehensive income net of tax	-	-
Total comprehensive loss for the year	<u>(2,181,690)</u>	<u>(1,080,057)</u>
Basic/diluted earnings/(loss) per share (dollars per share)	15 (0.0435)	(0.0215)

* See note 25 for details about restatements for changes in accounting policies

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
ABN 90 147 867 301
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	2019	2018	1 July 2017	
Note	\$	Restated* \$	Restated* \$	
Current assets				
Cash and cash equivalents	20	3,306,072	1,364,363	3,977,705
Trade and other receivables	7	3,065,010	2,386,669	1,872,142
Site conversion receivables	7	1,554,644	1,311,224	757,602
Financial assets - derivatives		42,945	-	-
Other current assets	8	337,181	626,114	668,124
Total current assets		8,305,852	5,688,370	7,275,573
Non-current assets				
Site conversion receivables	7	3,965,663	3,851,330	2,466,362
Plant and equipment	9	448,655	322,410	450,908
Leasehold improvements	10	372,371	407,925	459,050
Intangibles	11	162,154	218,851	90,300
Total non-current assets		4,948,843	4,800,516	3,466,620
TOTAL ASSETS		13,254,695	10,488,886	10,742,193
Current liabilities				
Trade and other payables		3,292,863	2,317,761	1,586,116
GST payable		19,359	4,247	-
Employee entitlements - leave provisions		248,307	180,862	158,649
Borrowings Current	12	35,784	1,283,857	45,524
Total current liabilities		3,596,313	3,786,727	1,790,289
Non-current liabilities				
Employee entitlements - leave provisions		44,177	21,769	-
Borrowings Non Current	12	5,182,725	67,220	1,258,677
Total non-current liabilities		5,226,902	88,989	1,258,677
TOTAL LIABILITIES		8,823,215	3,875,716	3,048,966
NET ASSETS		4,431,480	6,613,170	7,693,227
Equity				
Issued capital	13	39,064,880	39,064,880	39,064,880
Reserves	14	-	-	125,000
Accumulated losses		(34,633,400)	(32,451,710)	(31,496,653)
TOTAL EQUITY		4,431,480	6,613,170	7,693,227

* See note 25 for details about restatements for changes in accounting policies

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	\$	Restated* \$
Cash flows from operating activities		
Receipts from customers	26,713,354	18,921,857
Payments to suppliers and employees	(28,630,798)	(21,955,523)
Interest received	749,638	761,536
Interest paid	(399,995)	(156,048)
Net cash provided by/(used in) operating activities	20 (1,567,801)	(2,428,178)
Cash flows from investing activities		
Payment for plant and equipment	(240,490)	(47,913)
Payment for leasehold improvements	(25,732)	(8,304)
Payment for intangibles	(49,261)	(182,187)
Proceeds from sale of assets	-	31,364
Net cash provided by/(used in) investing activities	(315,483)	(207,040)
Cash flows from financing activities		
Financing costs paid	(1,033,000)	(25,000)
Proceeds from loans	6,877,710	98,181
Repayment of loans	(2,019,717)	(51,305)
Net cash provided by/(used in) financing activities	3,824,993	21,876
Net increase/(decrease) in cash and cash equivalents	1,941,709	(2,613,342)
Cash and cash equivalents opening balance	1,364,363	3,977,705
Cash and cash equivalents closing balance	20 3,306,072	1,364,363

* See note 25 for details about restatements for changes in accounting policies

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued capital \$	Options reserve \$	Accumulated losses \$	Totals \$
Balance at 1 July 2017	39,064,880	125,000	(31,733,100)	7,456,780
Adjustment due to AASB 15 implementation*	-	-	236,447	236,447
Restated total equity at 1 July 2017	39,064,880	125,000	(31,496,653)	7,693,227
Profit/(Loss) after income tax	-	-	(1,080,057)	(1,080,057)
Expired options	-	(125,000)	125,000	-
Restated Balance at 30 June 2018	39,064,880	-	(32,451,710)	6,613,170
Restated Balance at 1 July 2018	39,064,880	-	(32,451,710)	6,613,170
Profit/(Loss) after income tax	-	-	(2,181,690)	(2,181,690)
Balance at 30 June 2019	39,064,880	-	(34,633,400)	4,431,480

* See note 25 for details about restatements for changes in accounting policies

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 REPORTING ENTITY

The financial statements of Locality Planning Energy Holdings Limited (“the Company”) for the year ended 30 June 2019 covers the Consolidated Entity consisting of Locality Planning Energy Holdings Limited and the entities it controlled from time to time throughout the year (“the Group” or “Consolidated Entity”) as required by the *Corporations Act 2001*. Locality Planning Energy Holdings Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars, which is the functional currency.

The address of the Group’s registered office and principal place of business is Suite 306, Tower One, 55 Plaza Parade, Maroochydore, QLD, 4558.

2 BASIS OF PREPARATION

A. Statement of compliance

The Financial Report has been prepared in accordance with requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

This report is to be read in conjunction with any other public announcements made by the Group during the year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial year, unless stated otherwise.

B. Basis of measurement

The financial statements have been prepared on the historical cost basis.

C. Use of estimates and judgements

The preparation of financial statements in conformity with AASB’s requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Impairment of financial assets (trade receivables and financial assets) are assessed for impairment as described in Note 3G. Note 3H describes the processing for assessing impairment for non-financial assets (property, plant and equipment, intangible assets and other assets).

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2 BASIS OF PREPARATION (Cont'd)

C. Use of estimates and judgements (Cont'd)

Site Conversion Revenue

Site conversion revenue is recognised upon installation, however customers are able to make payment over a 5 to 10 year period. The Group has assessed that where this payment is deferred, the transaction contains a significant financing component and therefore the revenue must be adjusted for the effects of the time value of money. Judgement is therefore required to determine the amount of the consideration that relates to the site conversion revenue, and the amount relating to the financing of the purchase. See note 3K for further details.

D. Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group incurred a net loss after income tax for the year ended 30 June 2019 of \$2,181,690 (2018: \$1,080,057) and a net cash outflow from operations of \$1,567,801 (2018: \$2,428,178). These factors, prima facie, indicate that there is material uncertainty on whether the Group will continue as a going concern.

Notwithstanding this, the Group has prepared budgets based on its current growth plans, which indicate that the Group will become profitable in the near future. The Group also has access to a financing facility of \$30 million, of which only \$6.1m has been used at 30 June 2019, which will assist with any working capital requirements in the short term. For these reasons the directors have determined the Group has access to sufficient net working capital to maintain continuity of normal business activity and pay its debts as and when they fall due, and therefore that it is appropriate to prepare the financial report on a going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied by all entities in the Group.

A. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Locality Planning Energy Holdings Limited and its subsidiaries for the year ended 30 June 2019 ("the Group"). Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

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FOR THE YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Income Tax

The charge for current income tax expense is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised. To the extent that any rebates are received from Government taxation authorities, they are recognised in profit or loss as an income tax benefit.

C. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

All assets are depreciated on either a straight line basis or diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate & Method</u>
Plant and equipment	10-50% per annum straight line or diminishing value
Motor Vehicles	25% per annum, diminishing value

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

D. Intangible Assets

Intangible assets include the cost of software and legal costs. Software has an estimated useful life of between three and ten years. It is assessed annually for impairment.

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NOTES TO THE FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Leasehold Improvements

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

F. Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

G. Impairment of Financial Assets

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which prescribes the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, and a provision matrix is used.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

H. Impairment of Non-Financial Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

I. Share-based Payments

The Consolidated Entity may make share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

J. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

LOCALITY PLANNING ENERGY HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Revenue

Revenue for the Group can be categorised as follows:

- Supply of electricity
- Supply of embedded network infrastructure (including installation)

Supply of electricity

Revenue from the supply of electricity is recognised as the customer obtains a benefit from the supply, which occurs over time as the customer consumes the electricity. Consumption is determined by meter readings. Between meter readings, consumption is estimated using industry and historical customer consumption patterns, along with consumption reports from the Group's suppliers.

Costs associated with the supply of the electricity are expensed over time in line with customers' consumption.

Supply of embedded network infrastructure

The Group arranges to supply and install embedded network infrastructure on customers' premises. The performance obligation is the installation of the infrastructure, and therefore revenue is recognised at a point in time upon installation.

Customers have the option to pay for this embedded network infrastructure over the life of a related electricity supply contract, ranging from 5 to 10 years. Therefore a significant financing component has been identified within these contracts. The revenue is therefore discounted to remove the financing component. Consideration receivable in respect of this revenue is recognised as 'site conversion receivables' in the Statement of Financial Position. The financing component has been assessed by the Group at a rate of 12% per annum, and this is recognised as interest revenue over time until the customer has paid all consideration.

Costs incurred to supply and install the embedded network infrastructure are expensed when the revenue is recognised, upon installation. For costs incurred on site conversions where the embedded network has not yet been installed, and therefore no revenue yet recognised, the costs are capitalised within the inventory balance contained within 'Other Assets' in the Statement of Financial Position.

L. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

M. Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

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NOTES TO THE FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Earnings per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

O. Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Consolidated Entity are classified as finance leases. There are currently 4 motor vehicles under finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

P. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial Liabilities

Financial liabilities are subsequently measured at:

- Amortised cost; or
- Fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Financial Instruments (Cont'd)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- It is incurred for the purpose of repurchasing or repaying in the near term;
- Part of a portfolio where there is an actual pattern of short-term profit taking; or
- A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

The Group currently does not recognise any financial liabilities at fair value through profit or loss, with all financial liabilities being at amortised cost.

Financial Assets

Financial assets are subsequently measured at:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- The contractual cash flow characteristics of the financial asset; and
- The business model for managing financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- The financial asset is managed solely to collect contractual cashflows; and
- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- The business model for managing the financial assets comprises both contractual cashflows and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group currently has futures contracts that are recognised within financial assets in the Statement of Financial Position that are recognised at fair value through profit or loss. All other financial assets are recognised at amortised cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Financial Instruments (Cont'd)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for Derecognition of financial asset:

- The right to receive cash flows from the asset has been expired or been transferred;
- All risk and rewards of ownership of the asset have been substantially transferred; and
- The Group no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Q. Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Long-term employee benefits are only recognised to the extent that it is considered probable that employees will reach the eligible service period.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. New Accounting Standards Issued but not yet Applicable

Certain new accounting standards and interpretations have been issued that do not take effect in the current accounting period, but will impact future accounting periods. The Directors have decided against early adoption of any of these standards. The significant changes are discussed below.

AASB 16 Leases

This standard removes the distinction between operating and financing leases for lessees as previously defined by AASB 16 Leases. Instead, an entity recognises a 'Right-of-use' asset for all leases entered into, along with corresponding lease liabilities for the discounted value of future payments due under the lease, subject to various adjustments.

Management expects this standard to have some impact on the financial statements as it is currently party to a number of operating leases that are not in the Statement of Financial Position.

Had all of the leases in place at 30 June 2019 been accounted for in accordance with AASB 16, management believes there would have been an additional right-to-use asset and corresponding liability of approximately \$277,000 in addition to the existing finance lease liability.

This standard takes effect for reporting periods beginning on or after 1 January 2019.

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4 SEGMENT REPORTING

The Group has identified its operating segments as being the energy retail sector in Australia. Management currently identifies the energy retail sector as being the Group's sole operating segment.

There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

5 REVENUE AND OTHER INCOME

	Consolidated Entity 2019	Consolidated Entity 2018 Restated
	\$	\$
Electricity sales	27,722,990	21,348,695
Interest revenue	753,535	751,878
Other receipts	-	18,919
Total revenue and other income	<u>28,476,525</u>	<u>22,119,492</u>

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	Consolidated Entity 2019	Consolidated Entity 2018 Restated
	\$	\$
6 INCOME TAX		
Components of tax expense/(benefit) comprise:		
Current tax	-	-
Prior year tax	-	-
Deferred tax	-	-
Income Tax Expense/(Benefit)	-	-
<i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Loss from operations before tax for the year	(2,181,690)	(1,080,057)
The prima facie income tax benefit on loss before income tax at a tax rate of 27.5% (2018: 27.5%)	(599,965)	(297,016)
Tax effect amounts which are not (deductable)/taxable in calculating taxable income:		
Deferred tax asset not brought to account	1,765	3,923
Total income tax benefit	598,200	293,093
<i>Net unrecognised deferred tax assets</i>		
Net Deductable/(Assessable) temporary differences	(314,709)	(178,495)
Unused tax losses	2,890,633	2,101,863
Net unrecognised deferred tax asset	2,575,924	1,923,368

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.
The consolidated entity has no franking credits.

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	Consolidated	Consolidated
	Entity	Entity
	2019	2018
	\$	Restated
	\$	\$
7 TRADE & OTHER RECEIVABLES		
Trade receivables	3,061,113	2,386,669
Interest receivables	3,897	-
	3,065,010	2,386,669
Site conversion receivables (current)	1,554,644	1,311,224
Site conversion receivables (non-current)	3,965,663	3,851,330
	8,585,317	7,549,223

Current trade receivables are interest bearing and are generally receivable within 14 days. A provision for impairment is recognised against sales where there is objective evidence that an individual trade receivable is impaired.

	Gross	Past due	Past due but not impaired				
			Amount	and impaired	Days (overdue)		
					<30	31-45	>45
			\$	\$	\$		
2019							
Trade receivables	3,081,217	20,104	147,697	9,901	29,459		
Interest receivable	3,897	-	-	-	-		
Site conversion receivables	5,520,307	-	-	-	-		
Total	8,605,421	20,104	147,697	9,901	29,459		
2018							
Trade receivables	2,392,095	5,426	224,605	24,385	83,771		
Interest receivable	-	-	-	-	-		
Site conversion receivables	5,162,554	-	-	-	-		
Total	7,554,649	5,426	224,605	24,385	83,771		

The entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The >45 day amount is subject to contractual arrangements.

Collateral held as security

No collateral is held as security for any of the trade and other receivable balances.

Collateral pledged

No collateral has been pledged for any of the trade and other receivable balances.

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	Consolidated Entity 2019 \$	Consolidated Entity 2018 Restated \$
8 OTHER CURRENT ASSETS		
Bond paid	3,796	2,943
Prepayments	87,089	170,919
Employee Loans	-	3,190
Inventory	246,296	449,062
	<u>337,181</u>	<u>626,114</u>
9 PLANT & EQUIPMENT		
Plant & equipment at cost	463,001	349,893
Accumulated depreciation	(194,866)	(121,259)
	<u>268,135</u>	<u>228,634</u>
Motor vehicles at cost	297,907	174,036
Accumulated depreciation	(117,387)	(80,260)
	<u>180,520</u>	<u>93,776</u>
	<u>448,655</u>	<u>322,410</u>

Reconciliation

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year.

Plant and equipment

Balance at the beginning of the year	228,634	285,897
Additions	117,840	14,170
Depreciation	(73,607)	(68,806)
Disposals	(4,732)	(2,627)
Balance at the end of the year	<u>268,135</u>	<u>228,634</u>

Motor Vehicles

Balance at the beginning of the year	93,776	165,011
Additions	123,871	-
Depreciation	(37,127)	(35,812)
Disposals	-	(35,423)
Balance at the end of the year	<u>180,520</u>	<u>93,776</u>

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	Consolidated Entity 2019	Consolidated Entity 2018 Restated
	\$	\$
10 LEASEHOLD IMPROVEMENTS		
Leasehold improvements at cost	507,440	481,708
Accumulated depreciation	(135,069)	(73,783)
	372,371	407,925

Reconciliation

Reconciliations of the carrying amount of leasehold improvements between the beginning and the end of the financial year.

Leashold improvements

Balance at the beginning of the year	407,925	459,050
Additions	25,732	8,304
Depreciation	(61,286)	(59,429)
Balance at the end of the year	372,371	407,925

11 INTANGIBLES

Intangibles at cost	312,357	319,347
Accumulated amortisation	(150,203)	(100,496)
	162,154	218,851

Reconciliation

Reconciliations of the carrying amount of intangibles between the beginning and the end of the financial year.

Intangibles

Balance at the beginning of the year	218,851	90,300
Additions	49,261	182,187
Amortisation	(76,569)	(53,636)
Write off intangibles	(29,389)	-
Balance at the end of the year	162,154	218,851

12 BORROWINGS

Current

Site conversion loans	-	45,524
Insurance financing	-	88,333
Motor vehicle financing	35,784	-
Owing to related parties	-	1,150,000
	35,784	1,283,857

Non-current

Site conversion loans	-	67,220
Motor vehicle financing	55,448	-
Blackrock funding facility	5,127,277	-
	5,182,725	67,220

The \$30 million Blackrock funding facility was drawn down by \$6.1 million as at 30 June 2019. This is presented above net of borrowing costs. The remaining balance of the facility is \$23.9 million.

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13 ISSUED CAPITAL

(a) Issued and paid up capital

	2019 Number	2018 Number
Ordinary shares fully paid no par value	50,210,736	2,510,536,387

(b) Movement in ordinary shares on issue

	Number	\$
Balance at 30 June 2018	2,510,536,387	39,064,880
Consolidation of Shares (50:1)	(2,460,325,651)	-
Balance at 30 June 2019	50,210,736	39,064,880

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share buy-back

There is no current on-market share buy-back.

(c) Share options

At the end of the period, there were NIL options over unissued shares.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In common with many other newly listed companies, the parent raises finance for the consolidated entity's working capital and asset development activities.

The consolidated entity is not subject to externally imposed capital requirements.

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14 RESERVES

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
Options reserve		
Opening balance	-	125,000
Expired options	-	(125,000)
Closing balance	-	-

The option reserve account is to account for outstanding share options issued as a result of share based payments.

15 EARNINGS PER SHARE

	2019 Number	2018 Restated Number
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	50,210,736	50,210,736*
	\$	\$
Net loss after tax used in calculating basic earnings per share	(2,181,690)	(1,080,057)
Net loss after tax used in calculating diluted earnings per share	(2,181,690)	(1,080,057)
Basic/diluted earnings/(loss) per share (dollars per share)	(0.0435)	(0.0215)

* Due to a share consolidation occurring in the 2019 year, the weighted average number of shares used to calculate earnings per share and diluted earnings per share for 2018 has been restated for comparability purposes. Refer to Note 13 for movement in shares due to consolidation.

16 CONTROLLED ENTITIES

Investment in controlled entities	Country of incorporation	Class of shares	% of ownership 2019	% of ownership 2018
Locality Planning Energy Pty Ltd	Australia	Ord	100%	100%
Locality Embedded Networks Pty Ltd	Australia	Ord	100%	100%
LPE Infrastructure Pty Ltd	Australia	Ord	100%	-

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	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
17 LEASE COMMITMENTS		
<i>Total operating lease payments</i>		
Within 1 year	176,445	200,680
1 to 5 years	123,457	299,902
Total	299,902	500,582
<i>Total finance lease payments</i>		
Within 1 year	39,188	58,930
1 to 5 years	57,491	70,031
Total	96,679	128,961
Less Future interest charges	(5,447)	(16,217)
Total	91,232	112,744
<i>Reconciliation to lease liabilities</i>		
Current - Note 12	35,784	45,524
Non-current - Note 12	55,448	67,220
Total	91,232	112,744

18 CONTINGENT LIABILITIES AND ASSETS

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements (2018: nil).

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
19 RELATED PARTIES		
Key management personnel compensation		
Short term employee benefits	961,894	919,417
Post-employment benefits	62,917	55,979
Long-term benefits	11,160	3,320
	1,035,971	978,716

Other related party transactions

Directors loans to the Group were repaid during the year, with a total balance at 30 June 2019 of \$0 as disclosed at note 12 (2018: \$1,150,000). Interest paid on Directors loans during the year were at a rate of 12% per annum, totalling \$61,733 (2018: \$138,000). Directors loans were entered into on an arms length basis.

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20 CASH FLOW INFORMATION

	Consolidated Entity 2019	Consolidated Entity 2018 Restated
	\$	\$
Reconciliation of cash flow from operations with profit / (loss) after tax		
Profit / (loss) after tax	(2,181,690)	(1,080,057)
Non-cash flows:		
Depreciation and amortisation	248,589	219,683
Loss on disposal of assets	29,771	5,768
Non-cash donation	-	363
Unrealised (gain) / loss on derivatives	(42,945)	-
Expenditure classified as financing activities	45,568	57,297
	(1,900,707)	(796,945)
Changes in operating assets and liabilities		
Decrease / (increase) in receivables	(1,036,094)	(2,453,117)
Decrease / (increase) in other assets	288,933	42,010
(Decrease) / increase in creditors and payables	990,214	735,892
Increase in employee entitlements	89,853	43,982
Net cash used in operating activities	(1,567,801)	(2,428,178)
Reconciliation of liabilities arising from financing activities		
Borrowings	1,351,077	1,304,201
Cashflows	3,824,993	46,876
Non-cash changes	42,439	-
	5,218,509	1,351,077
Cash and cash equivalents in the Consolidated Statement of Cash Flows include:		
Cash at bank	2,856,072	1,344,363
Cash on deposit	450,000	20,000
	3,306,072	1,364,363

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21 FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 3 to the financial statements.

Financial risk management objectives

The financial risks of the Consolidated Entity include price risk, interest rate risk, liquidity risk and credit risk. The consolidated entity does not hedge these risk exposures. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Price risk

Price risk is the risk of changes to market prices in the supply of electricity. This risk applies to both the price at which the Company sells electricity to its customers and the price it pays for that electricity. The Company manages this risk by signing up customers and suppliers to long-term contracts where possible.

Interest rate risk

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market forces.

The Consolidated Entity's main interest rate risk arises from cash and cash equivalents held to maturity investments, and Borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Consolidated Entity's profit or loss before taxes through the impact on cash and cash equivalents, and borrowings with a decrease or an increase of 0.25% in interest rates.

It is the policy of the Consolidated Entity to manage their risks by continuously monitoring interest rates.

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
Cash and cash equivalents and other financial assets	3,306,072	1,364,363
Borrowings	(5,218,509)	(1,351,078)
	(1,912,437)	13,285
 Sensitivity		
Effect on profit or loss before taxes		
Increase 0.25%	(4,781)	33
Decrease 0.25%	4,781	(33)

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21 FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The Consolidated Entity manages liquidity risk by maintaining of reserves and by continually monitoring forecast and actual cash flows and cash balances.

At 30 June 2019 current assets exceed current liabilities by \$4,709,539 (2018: current assets exceeded current liabilities by \$1,901,643). Financial liabilities comprised trade payables, accruals and other payables. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity partially reduces credit risk by the use of direct debit facilities with its customers. In addition, the Company has the right to withhold the supply of electricity to secure payment. All cash & cash equivalents are held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the Consolidated Statement of Financial Position.

Fair values

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, trade and other payables, employee entitlements, derivatives and loans approximate their fair value.

22 AUDITORS REMUNERATION

Amounts paid/payable for audit or review of the financial statements
Amounts paid/payable for tax and other services

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	90,000	75,000
	4,556	4,650
	<u>94,556</u>	<u>79,650</u>

23 SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the Consolidated Entity, the result of those operations or the state of affairs of the Consolidated Entity in future financial years.

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24 PARENT ENTITY DISCLOSURES

	2019	2018
	\$	\$
The following information has been extracted from the books and records of the legal parent entity Locality Planning Energy Holdings Limited.		
Results of parent entity		
Profit/(loss) for the year	(1,270,399)	(697,587)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) before tax	(1,270,399)	(697,587)
Income tax benefit	-	-
Total comprehensive income before tax	(1,270,399)	(697,587)
Financial position of parent entity at year end		
Current Assets	14,884,735	12,093,798
Total Assets	14,884,735	12,093,798
Current Liabilities	141,354	1,207,295
Non Current Liabilities	5,127,277	-
Total Liabilities	5,268,631	1,207,295
Net Assets	9,616,104	10,886,503
Total equity of the parent entity comprising:		
Issued capital	39,064,880	39,064,880
Accumulated losses	(29,448,776)	(28,178,377)
Total equity	9,616,104	10,886,503

Contingent liabilities

As at 30 June 2019, Locality Planning Energy Holdings Ltd is not aware of any contingent liabilities.

Contractual commitments

At 30 June 2019, contractual commitments entered into by Locality Planning Energy Holdings Ltd is \$Nil (2018: \$Nil).

Guarantees

Locality Planning Energy Holdings Ltd has not entered into any guarantees, in the current or previous financial years, in relation to debts of its subsidiaries.

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25 Changes in accounting policies

(a) Revenue

The Group applied AASB 15 Revenue from Contracts with Customers for the first time during the year.

The Group determined that the revenue recognition in respect of the supply of electricity had not changed due to the new Standard, and this will continue to be recognised over time in line with consumption.

For the supply of embedded network infrastructure, it was determined that there was a significant change to how the revenue was calculated as a result of applying AASB 15. Previously the revenue associated with the supply of the embedded network infrastructure was recognised over the life of the associated electricity supply contract. Costs to supply the embedded network infrastructure ("site conversion costs") were capitalised within intangible assets, and amortised over the life of the contract with the customer.

Under AASB 15, it was determined that the performance obligation was satisfied once the infrastructure was installed on the customer's premises, and revenue recognised at this stage. As some of the contracts allow the customer to pay over 5 to 10 years, these contracts contain a significant financing component. The Group therefore discounts the consideration receivable to present value at the time of installation and recognises this as revenue, with the consideration remaining recognised as "site conversion receivables" in the Statement of Financial Position. These 'site conversion receivables' are adjusted each year to unwind the discount and recognise the interest revenue in respect of the financing component.

As the revenue is now recognised upon installation of the embedded network infrastructure, the cost associated with this should be recognised at the same time. For this reason, the Group has determined it is no longer appropriate to recognise the costs within intangible assets, and these are now expensed when the revenue is recognised. For costs incurred on site conversions where the embedded network has not yet been installed, and therefore no revenue yet recognised, the costs are capitalised within the inventory balance contained within 'Other Assets' in the Statement of Financial Position.

The Group has adopted the full retrospective approach in adopting AASB 15, and has therefore restated all comparative information as if the accounting policy had always been in place. The impact of this on both the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Financial Position is presented below.

(b) Software

The Group previously capitalised software and included this under 'Plant and Equipment' in the Statement of Financial Position. Given the nature of software, it was deemed more appropriate for this to be classified as an intangible asset. This asset was reclassified from plant and equipment to intangible assets.

This adjustment has been applied retrospectively, and comparative information adjusted.

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25 Changes in accounting policies (Cont'd)

(c) Adjustments for Changes in Accounting Policies

The below shows a reconciliation from previously reported figures to the adjusted figures now presented as comparative information in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position:

Statement of Profit or Loss and Other Comprehensive Income

	2018		2018
	Previously	Adjustments	Restated
	Reported	for Revenue	Restated
	\$	\$	\$
Revenue			
Electricity sales	20,153,430	1,195,265	21,348,695
Less cost of goods sold			
Energy usage charges	(7,499,849)		(7,499,849)
Network charges	(5,773,809)		(5,773,809)
Other COGS	(1,935,702)	(2,273,476)	(4,209,178)
Total cost of goods sold	<u>(15,209,360)</u>		<u>(17,482,836)</u>
Gain from trading	4,944,070		3,865,859
Other Income			
Interest received	8,553	743,325	751,878
Other receipts	18,919		18,919
Other expenses			
Bad and doubtful debts	(121,964)		(121,964)
Interest expense	(156,048)		(156,048)
Depreciation and amortisation	(905,818)	686,135	(219,683)
Employee costs	(3,038,296)		(3,038,296)
Gain/(loss) on disposal of assets	(5,768)		(5,768)
Other expenses	(1,366,909)		(1,366,909)
Professional costs	(808,045)		(808,045)
Share-based payments	-		-
Loss from operations	<u>(1,431,303)</u>		<u>(1,080,057)</u>
Loss before income taxes	<u>(1,431,303)</u>		<u>(1,080,057)</u>
Income tax benefit/(expense)	-		-
Net loss for the period	<u>(1,431,303)</u>		<u>(1,080,057)</u>
Other comprehensive income	-		-
Other comprehensive income net of tax	-		-
Total comprehensive loss for the year	<u>(1,431,303)</u>		<u>(1,080,057)</u>

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25 Changes in accounting policies (Cont'd)

Statement of Financial Position

	2017			2017
	Previously Reported	Adjustments for Revenue	Adjustments for Software	Restated
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	3,977,705			3,977,705
Trade and other receivables	1,872,142			1,872,142
Receivables - Site Conversions	-	757,602		757,602
Other current assets	91,862	576,262		668,124
Total current assets	5,941,709	1,333,864	-	7,275,573
Non-current assets				
Receivables - Site Conversions	-	2,466,362		2,466,362
Plant and equipment	528,777		(77,869)	450,908
Leasehold improvements	459,050			459,050
Intangibles	3,576,211	(3,563,780)	77,869	90,300
Total non-current assets	4,564,038	(1,097,418)	-	3,466,620
TOTAL ASSETS	10,505,747	236,446	-	10,742,193
Equity				
Issued capital	39,064,880			39,064,880
Reserves	125,000			125,000
Accumulated losses	(31,733,100)	236,446		(31,496,653)
Total equity	7,456,780	236,446	-	7,693,227
	2018			
	Previously Reported	Adjustments for Revenue	Adjustments for Software	2018 Restated
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	1,364,363			1,364,363
Trade and other receivables	2,386,669			2,386,669
Receivables - Site Conversions	-	1,311,224		1,311,224
Other current assets	180,390	445,724		626,114
Total current assets	3,931,422	1,756,948	-	5,688,370
Non-current assets				
Receivables - Site Conversions	-	3,851,330		3,851,330
Plant and equipment	534,396		(211,986)	322,410
Leasehold improvements	407,925			407,925
Intangibles	5,027,448	(5,020,583)	211,986	218,851
Total non-current assets	5,969,769	(1,169,253)	-	4,800,516
TOTAL ASSETS	9,901,191	587,695	-	10,488,886
Equity				
Issued capital	39,064,880			39,064,880
Reserves	-			-
Accumulated losses	(33,039,402)	587,695		(32,451,710)
Total equity	6,025,477	587,695	-	6,613,170

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