

Appendix 3

NSX Preliminary Final Report

Name of entity

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN

41 114 925 174

- | | | |
|----|--------------------------------------|--|
| 1. | Reporting period | Financial year ended 30 June 2018 |
| | Previous corresponding period | Financial year ended 30 June 2017 |

2. RESULTS FOR ANNOUNCEMENT TO MARKET

Revenue	Down	2.13%	To	\$ 928,117
Profit from ordinary activities after tax attributable to members	Down	16.58%	To	73,056
Net profit for the period attributable to members	Down	16.58%	To	73,056
Dividends			Amount per share (cents)	Franked amount per share (cents)
Final			5	-
Interim			-	-

Record date for determining entitlements to dividends: 30 November 2017

For further explanation of the items above, see accompanying preliminary financial statements & director's report.

3. **Statement of financial performance – see accompanying preliminary financial statements**
4. **Statement of Financial Position – see accompanying preliminary financial statements**
5. **Statement of Cash Flow – see accompanying preliminary financial statements**
6. **Dividends**

Amount per security	Date Paid/Payable	Amount per security	Franked amount per security at 27.5% tax	Amount per security of foreign source dividend
		Cents	Cents	Cents
Final Dividend	7 December 2017	5	-	-
Interim Dividend	-	-	-	-

7. Dividend reinvestment plans

The dividend reinvestment plans shown below are in operation:

None

Last date for receipt of election notices for the dividend reinvestment plan: N/A

8. Statement of retained earnings - see accompanying preliminary financial statements

9. Net tangible assets per security

	Current Period	Previous corresponding period
Net tangible asset (Net tangible liabilities)	574,010	524,235
Number of shares	736,759	736,759
	Cents	Cents
Net tangible asset backing per ordinary share	77.91	71.15

10. Details of entities over which control has been gained or lost – see accompanying preliminary financial statements

11. Details of associates and joint venture entities – see accompanying preliminary financial statements

12. Any other significant information – see accompanying preliminary financial statements

13. Accounting standards

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

14. Results for the period

14.1 Earnings per security

See accompanying preliminary financial statements.

14.2 Returns to shareholders

N/A

14.3 Significant features of operating performances

See accompanying preliminary financial statements.

14.4 Segments Reporting

See accompanying preliminary financial statements.

14.5 Trends in performance

See accompanying preliminary financial statements.

14.6 Any other factors which have affected the results in the period which are likely to affect the result in the future, including those where the effect could not be quantified

See accompanying preliminary financial statements.

15. Basis of reporting

The report is based on accounts which are in the process of being audited however are unlikely to be subject to a dispute of qualification.

A handwritten signature in black ink that reads "D. Rule". The signature is written in a cursive style with a large "D" and a stylized "Rule".

Date: 13 September 2018

Debra Rule
(Director)

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

C O N T E N T S

Directors' Report

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2018.

Directors

The names of Directors in office at any time during or since the end of the year are:

Arnold Bartholomew Houwen

Position:	Non-Executive Director
Occupation:	Business Development Consultant
Qualifications:	
Background Information:	After a 25 year career in IT which included stints overseas, Bart now works from a home office and is an active community representative of the Cockburn Sound Management Council, and a former Member of Cockburn City Council. Recreational pursuits include golf, and sailing.
Directorships held in other entities:	Nil
Interest in shares and options:	500 Shares

Debra Anne Rule

Position:	Non-Executive Director / Chairperson
Occupation:	Knowledge and Information Specialist
Qualifications:	MSc, BEd, GradDipSc, DipTeach, GradDipACG, GIA(Cert), GAICD
Background Information:	Debra grew up and lives in Fremantle; she has a background in education, strategic planning and information services. She has held senior roles in both the public and private sectors, is a Director of Wheatbelt NRM, a Chartered Secretary and the former Chair of two not for profit organisations. In her spare time she enjoys planting trees at a small rural property outside of Brookton.
Directorships held in other entities:	Nil
Interest in shares and options:	10,500 Shares (direct) 500 Shares (indirect)

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

Bruce James Moriarty (resigned on 19 October 2017)

Position:	Non-Executive Director
Occupation:	Property developer
Qualifications:	R/E Licensee, Grad Cert (Business)
Background Information:	Bruce grew up in Halifax, Nova Scotia a small and well preserved historic city and Canada's major Atlantic port. He arrived in Western Australia in 1982 and after five years in the North West oil sector, entered the property industry in 1987. Bruce has been involved with a number of development projects including heritage buildings including the North Fremantle's Rose Hotel and Old School Mews. He also serves on the board of the Fremantle Chamber of Commerce and is one of the founders of Fremantle's Gimme Shelter homeless fundraiser.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

John Alexander Bird (resigned on 19 October 2017)

Position:	Non-Executive Director / Treasurer
Occupation:	Self Employed
Qualifications:	BSc, FCA, GAICD, Grad Cert (Business)
Background Information:	John has a background in business and as a Chartered Accountant, and brings wide experience in corporate governance and financial management to the board of Fremantle Community Bank. John is a graduate of the Australian Institute of Company Directors and Fellow of the Institute of Chartered Accountants in Australia and New Zealand, and is on the board of Public Art for Fremantle Inc. He is a passionate and active proponent of the culture, history, social development and prosperity of Fremantle and is keen for the Fremantle Community Bank to play a key part in these.
Directorships held in other entities:	Nil
Interest in shares and options	1,930 shares

Dearne Mary Russell

Position:	Non-Executive Director/ Company Secretary
Occupation:	Corporate Strategist
Qualifications:	MBA, BCom
Background Information:	Dearne is an experienced Accounting professional who for the past decade has held leadership positions providing critical support services to line management within the resources sector. She holds directorships in the banking industry and the community sector. Dearne's broad experience encompasses accounting & finance, audit, supply of goods & services, environment, occupational health & safety and contractor management. She has well rounded strategic skills in governance, compliance, risk management and business planning.
Directorships held in other entities:	Nil
Interest in shares and options	Nil

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
Preliminary financial report for the year ended 30 June 2018

Donna Quinn

Position:	Non-Executive Director
Occupation:	Managing Director
Qualifications:	Bachelor of Applied Science
Background Information:	<p>Donna is Managing Director of Quinn Consulting, a hospitality consulting business specialising in financial management and business development within the hospitality sector.</p> <p>Her background includes both interstate and local leadership positions in large corporate hotel operations and more recently ownership and management of varied hospitality businesses.</p> <p>Donna's experience encompasses business planning, marketing development and human resource management and she is an active participant in her young children's schools and local sporting clubs.</p>
Directorships held in other entities:	Nil
Interest in shares and options	Nil

Janusz Olbromski (resigned 27 June 2018)

Position:	Non-Executive Director
Occupation:	State Manager
Qualifications:	MBA, BEng, Dip OH&S
Background Information:	<p>Janusz came to Australia in 1990, and from there grew up in and around Fremantle, where he currently lives. Janusz has held leadership positions in the construction and engineering industries for the past 15 years, both in Australia and in the UK. Ranging from engineering consultancy, to the construction of hospitals, hotels, shopping centres and apartments. Currently, Janusz manages the state manufacturing operations of an ASX listed national building products provider.</p>
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Sam Wilkinson

Position:	Non-Executive Director
Occupation:	Climate Change Advisor and PhD Candidate
Qualifications:	BSc Hons
Background Information:	<p>Sam has nearly 20 years' experience as a project manager in environmental strategy, policy and compliance, including at senior levels of industry and government. Sam has been an active member of the Fremantle community for the past 25 years and has a passion for sustainability. Sam is currently undertaking his Doctorate, investigating transitional issues associated with Western Australia's adoption of renewable energy.</p>
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

Sandra Le Lam (Appointed 28 June 2017)

Position:	Non-Executive Director
Occupation:	Psychologist
Qualifications:	BPsych, MPsych, MBA, MAPS
Background Information:	Sandra Lam is a Registered Psychologist. Sandra has experience spanning both the public and private sector agencies in Australia and abroad. With more than twenty years' in corporate industry and with a passion for improving the mental resilience of individuals, teams and organisations, Sandra is currently a Director and Principal Psychologist for PerMentis, a social change organisation, and FIFO Focus, an entity that empower individuals to become mentally resilient and support organisations to handle the complexities of psychological health.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Company Secretary

D M Russell

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

Directors meetings attended

During the financial year, 18 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings		Human Resource Committee		Audit & Risk Committee		Marketing and Sponsorship	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Arnold Houwen	10	5	2	2	-	-	-	-
Debra Rule	10	10	2	2	-	-		
Bruce Moriarty	2	1	-	-	-	-		
John Bird	2	2	-	-			-	-
Dearne Russell	10	8	-	-	1	1	-	-
Donna Quinn	10	9	2	2	-	-	3	3
Janusz Olbromski	10	10	-	-	1	1	-	-
Sam Wilkinson	10	10	-	-	-	-	3	3
Sandra Lam	10	8	-	-	-1	-1	3	3

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to \$73,056 (2017: \$87,585).

Dividends paid or recommended

The Company declared dividends of \$36,838 during the year (2017: \$36,838).

Financial position

The net assets of the Company have increased from \$574,412 as at 30 June 2017 to \$610,630 as at 30 June 2018, which is an improvement on prior year due to the operations of the Company.

The directors believe the Company is in a stable financial position.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- a) Director approval of operating budgets and monitoring of progress against these budgets;
- b) Ongoing Director training; and
- c) Monthly Director meetings to discuss performance and strategic plans

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2018:

Taxation services: \$7,500 (2017: \$7,100)

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
Preliminary financial report for the year ended 30 June 2018

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'D. Rule', is placed over a light grey rectangular background.

Director Debra Rule

Dated this 13 day of September 2018

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

		2018	2017
	Note	\$	\$
Revenue	2	928,117	948,399
Employee benefits expense		(374,157)	(368,801)
Depreciation and amortisation expense		(28,684)	(26,110)
Other expenses	3	(424,509)	(447,644)
Profit before income tax		100,767	105,844
Income tax expense	4	(27,711)	(18,259)
Profit for the year		73,056	87,585
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		73,056	87,585
Earnings per share			
Basic earnings per share (cents per share)		9.92	11.89
Diluted earnings per share (cents per share)		9.92	11.89

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

		2018	2017
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	491,299	440,995
Trade and other receivables	7	81,578	83,858
Other assets	8	9,148	17,942
TOTAL CURRENT ASSETS		<u>582,025</u>	<u>542,795</u>
NON-CURRENT ASSETS			
Other assets	8	32,732	32,732
Plant and equipment	9	35,108	50,235
Intangible assets	10	36,620	50,177
Deferred tax assets	22	1,533	1,061
TOTAL NON-CURRENT ASSETS		<u>105,993</u>	<u>134,205</u>
TOTAL ASSETS		<u>688,018</u>	<u>677,000</u>
CURRENT LIABILITIES			
Trade and other payables	11	65,802	72,184
Short-term provisions	12	3,997	11,084
Current tax liability	22	7,589	19,320
TOTAL CURRENT LIABILITIES		<u>77,388</u>	<u>102,588</u>
TOTAL LIABILITIES		<u>77,388</u>	<u>102,588</u>
NET ASSETS		<u>610,630</u>	<u>574,412</u>
EQUITY			
Issued capital	13	736,759	736,759
Accumulated (losses)		<u>(126,129)</u>	<u>(162,347)</u>
TOTAL EQUITY		<u>610,630</u>	<u>574,412</u>

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2016	736,759	(213,094)	523,665
Dividends declared during the year	-	(36,838)	(36,838)
Total comprehensive income for the year attributable to members	-	87,585	87,585
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	736,759	(162,347)	574,412
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2017	736,759	(162,347)	574,412
Dividends declared during the year	-	(36,838)	(36,838)
Total comprehensive income for the year attributable to members	-	73,056	73,056
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	736,759	(126,129)	610,630
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The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

Preliminary financial report for the year ended 30 June 2018

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		924,576	945,419
Payments to suppliers and employees		(800,932)	(819,186)
Interest revenue		5,818	6,703
Tax paid		(39,913)	
Net cash provided by operating activities	14	89,549	132,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant, equipment and intangibles		-	(37,804)
Net cash used in investing activities		-	(37,804)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid		(39,245)	(42,317)
Net cash used in financing activities		(39,245)	(42,317)
Net increase in cash held		50,304	52,815
Cash and cash equivalents at beginning of financial year		440,995	388,180
Cash and cash equivalents at end of financial year	6	491,299	440,995

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

New and Revised Accounting Standards and Interpretations

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the company's accounting policies.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20% - 37.5%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive Income.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income unless they are designated as hedges.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company 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 to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the Company'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, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

(i) Cash and cash equivalents

Cash and cash equivalents include 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.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(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 Taxation 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 the expense. Receivables and payables in the 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) Comparative figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2018. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2018 amounting to \$38,153.

(o) New Accounting Standards for Application in Future Periods

A number of Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory have not been early adopted by the Company for the annual reporting period ended 30 June 2018.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
NOTES TO THE FINANCIAL STATEMENTS
Preliminary financial report for the year ended 30 June 2018

	2018 \$	2017 \$
2. Revenue		
Franchise margin income	902,597	925,704
Interest Income	5,811	7,084
Rental Income	19,709	15,611
	928,117	948,399
3. Other expenses		
Advertising and marketing	3,186	6,531
ASIC and NSX costs	9,143	8,609
ATM leasing and running costs	7,183	11,378
Bad debts (recovery)/charge	2,134	(233)
Community sponsorship and donations	102,681	99,918
Freight and postage	9,185	14,518
Insurance	14,446	17,568
IT leasing and running costs	24,272	21,500
Occupancy running costs	62,457	61,572
Printing and stationery	10,960	16,821
Rental on operating lease	119,913	122,217
Telephone	14,566	13,196
Other operating expenses	44,383	54,049
	424,509	447,644
Remuneration of the auditors of the Company		
Audit services	11,700	11,700
Other Services	7,500	7,100
	19,200	18,800

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
NOTES TO THE FINANCIAL STATEMENTS
Preliminary financial report for the year ended 30 June 2018

	2018 \$	2017 \$
4. Income tax expense		
a. The components of tax expense comprise:		
Current tax		19,320
Deferred tax (note 22)	471	(1,061)
	<u>27,711</u>	<u>18,259</u>
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 27.5% (2017: 27.5%)	27,711	29,435
Less:		
Tax effect of:		
— Recoupment of prior year tax losses not previously brought to account	-	(7,832)
— Change in tax rate	-	(429)
— Other allowable items	-	(2,915)
	<u>27,711</u>	<u>18,259</u>
Income tax attributable to the Company	<u>27,711</u>	<u>18,259</u>

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
NOTES TO THE FINANCIAL STATEMENTS
Preliminary financial report for the year ended 30 June 2018

5. Key management personnel compensation

a. Names and positions

<i>Name</i>	<i>Position</i>
Arnold Bartholomew Houwen	Non-Executive Director
Debra Anne Rule	Non-Executive Director / Chairperson
Bruce James Moriarty	Non-Executive Director (resigned 19 October 2017)
John Alexander Bird	Non-Executive Director / Treasurer (resigned 19 October 2017)
Dearne Mary Russell	Non-Executive Director / Company Secretary
Donna Quinn	Non-Executive Director
Sam Wilkinson	Non-Executive Director
Janusz Olbromski	Non-Executive Director (resigned 27 June 2018)
Sandra Le Lam	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report (\$Nil).

b. Remuneration of Key Management Positions

No Director of the Company receives remuneration for services as a Company Director.

c. Shareholdings

Number of ordinary shares held by key management personnel.

2018 <i>Directors</i>	Ordinary Shares			
	<i>Balance at beginning of period</i>	<i>Purchased during the period</i>	<i>Other changes</i>	<i>Balance at end of period</i>
Arnold Houwen	500	-	-	500
Debra Rule	10,500	-	-	10,500
Debra Rule - Indirectly	500	-	-	500
John Alexander Bird	1,930	-	-	1,930
	13,430	-	-	13,430

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
NOTES TO THE FINANCIAL STATEMENTS
Preliminary financial report for the year ended 30 June 2018

	2018 \$	2017 \$
6. Cash and cash equivalents		
Cash at bank and in hand	<u>491,299</u>	<u>440,995</u>
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>491,299</u>	<u>440,995</u>
7. Trade and other receivables		
Trade debtors	80,502	82,774
Accrued Interest	<u>1,076</u>	<u>1,084</u>
	<u>81,578</u>	<u>83,858</u>
a. Provision For Impairment of Receivables		
Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.		
There is no provision for impairment of receivables.		
8. Other assets		
Current		
Prepayments	9,148	8,023
Other	<u>-</u>	<u>9,919</u>
	<u>9,148</u>	<u>17,942</u>
Non-current		
Bond	<u>32,732</u>	<u>32,732</u>
	<u>33,827</u>	<u>50,674</u>

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
NOTES TO THE FINANCIAL STATEMENTS
Preliminary financial report for the year ended 30 June 2018

	2018 \$	2017 \$
9. Plant and equipment		
Plant and equipment		
Cost	351,586	351,586
Accumulated depreciation	<u>(316,478)</u>	<u>(301,351)</u>
	<u>35,108</u>	<u>50,235</u>
<i>Movement in carrying amount</i>		
Balance at the beginning of the year	50,235	14,516
Additions	-	48,274
Depreciation expense	<u>(15,127)</u>	<u>(12,555)</u>
Carrying amount at the end of the year	<u>35,108</u>	<u>50,235</u>
10. Intangible assets		
Franchise fee		
Cost	67,781	67,781
Accumulated amortisation	<u>(31,161)</u>	<u>(17,604)</u>
	<u>36,620</u>	<u>50,177</u>
Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the Company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.		
11. Trade and other payables		
Trade creditors and accruals	51,697	57,230
GST payable	<u>14,105</u>	<u>14,954</u>
	<u>65,802</u>	<u>72,184</u>

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED
ABN 41 114 925 174
NOTES TO THE FINANCIAL STATEMENTS
Preliminary financial report for the year ended 30 June 2018

	2018 \$	2017 \$
12. Provisions		
Current		
Provision for employee entitlements	<u>3,997</u>	<u>11,084</u>
Number of employees at year end	<u>6</u>	<u>6</u>
13. Equity		
736,759 (2017: 736,759) fully paid ordinary shares	<u>736,759</u>	<u>736,759</u>
14. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	73,056	87,585
Depreciation and amortisation	28,684	26,110
<i>Movement in assets and liabilities</i>		
Receivables	2,271	4,103
Other assets	8,801	(5,368)
Deferred tax asset	(471)	(1,061)
Payables	(3,973)	5,679
Provisions	(7,088)	(3,432)
Current tax liability	<u>(11,731)</u>	<u>19,320</u>
Net cash provided by operating activities	<u>89,549</u>	<u>132,936</u>
b. Credit Standby Arrangement and Loan Facilities		
The Company had a bank overdraft facility amounting to \$250,000 (2017: \$250,000) which the Directors approved to cancel on 27 September 2017.		
15. Related party transactions		
There have been no related party transactions during the year.		

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

	2018 \$	2017 \$
16. Leasing commitments		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	121,296	115,000
Longer than 1 year but not longer than 5 years	485,184	316,250
	<u>606,480</u>	<u>431,250</u>

17. Dividends

Unfranked Dividends of \$36,838 were declared during the year.

18. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2018.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

18. Financial risk management (Cont.)

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2018.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2017 and 30 June 2018 do not include any counterparties with external credit ratings. Customers are for credit worthiness using the criteria detailed above.

c. Financial Instrument Composition and Maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

2018		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non- Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	2.52%	-	268,820	-	222,479	491,299
Loans and receivables		-	-	-	80,503	80,503
Total Financial Assets		-	268,820	-	302,982	571,802
<i>Financial Liability</i>						
Trade and other payables		-	-	-	(65,802)	(65,802)
Total Financial Liabilities		-	-	-	(65,802)	(65,802)

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

2017		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	2.52%	-	263,002	-	177,993	440,995
Loans and receivables		-	-	-	82,774	82,774
Total Financial Assets		-	263,002	-	260,767	523,769
<i>Financial Liability</i>						
Trade and other payables		-	-	-	(72,184)	(72,184)
Total Financial Liabilities		-	-	-	(72,184)	(72,184)

	2018	2017
	\$	\$
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	<u>(65,802)</u>	<u>72,184</u>

d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At the reporting date 30 June 2018, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2018

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>	491,299	(9,826)	(9,826)	9,826	9,826
Cash and cash equivalents					

2017

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	440,995	(8,820)	(8,820)	8,820	8,820

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

19. Operating Segments

Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The Company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

20. Events after the Statement of Financial Position date

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

		2018		2017
		\$		\$
22. Tax				
a. Liability				
Current				
Income tax		<u>7,589</u>		<u>19,320</u>
b. Assets				
Deferred tax assets comprise:				
Provisions		1,099		3,048
Other		<u>434</u>		<u>(1,987)</u>
		<u>1,533</u>		<u>1,061</u>
c. Reconciliations				
i. Gross Movements				
The overall movement in the deferred tax account is as follows:				
Opening balance		1,061		-
Statement of comprehensive income		472		1,061
Closing balance		<u>1,533</u>		<u>1,061</u>
ii. Deferred Tax Assets				
The movement in deferred tax assets for each temporary difference during the year is as follows:				
<i>Provisions</i>				
Opening balance		3,048	-	-
Statement of comprehensive income		(1,949)		3,048
Closing balance		<u>1,099</u>		<u>3,048</u>
<i>Other</i>				
Opening balance		(1,987)		-
Statement of comprehensive income		2,420		(1,987)
Closing balance		<u>433</u>		<u>(1,987)</u>

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Preliminary financial report for the year ended 30 June 2018

23. Economic dependency – Bendigo and Adelaide Bank Limited

The Company has entered into franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Fremantle, Western Australia.

The branch operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The Company manages the Community Bank branches on behalf of the Bendigo Bank, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the branch manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of Company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

24. Company details

The registered office and principal place of business of the Company is:

9 Adelaide Street
Fremantle WA 6160