

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**For the half-year ended 31 December 2018**

**C O N T E N T S**

Directors' Report

Auditor's Independence Declaration

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

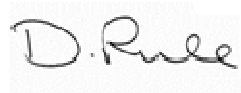
Directors' Declaration

Independent Auditor's Review Report

*This is annexure A of 11 pages referred to in Form 7051: Notification of half-yearly reports*



Directors



Dated this

12<sup>th</sup> day of March 2019

# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **Interim Financial Report**

### **DIRECTORS' REPORT**

Your Directors submit the financial report of the Company for the half-year ended 31 December 2018.

#### **Directors**

The names of Directors who held office during or since the end of the half-year are:

Debra Anne Rule

Arnold Bart Houwen

John Alexander Bird

Dearne Russell (retired 18 October 2018)

Donna Quinn (retired 18 October 2018)

Sam Wilkinson

Sandra Lam

#### **Principle Activities**

The focus of the Company's operations during the half-year was the operation of the Fremantle Community Bank Branch of Bendigo and Adelaide Bank Ltd, pursuant to a franchise agreement.

#### **Review of Operations**

Fremantle Community Financial Services Ltd (referred to as "the Company") operates a franchise of the Bendigo Bank in Fremantle. The Company's income is derived from a margin profit share based on the Company's overall book value. Operational costs of the Fremantle branch of Bendigo Bank are subsequently paid from this margin profit share. At the end of each year the Company's board resolves how much of the profits from that year are available to support local community groups and activities in the next succeeding year.

During the half year to 31st December 2018, interest rates have remained subdued as result of competition between Banks and non-deposit taking institutions vying for market share. This has resulted in lower margins. Regulatory restrictions within the banking sector have also resulted in tighter lending practices due to concerns within Australia's overall property market. This has led to a reduction in our aging book as older loans cannot be replaced as quickly with new to bank business.

Although the Company aims to grow "Funds under Management", the half year to 31st December 2018 has seen a slight decline which has resulted in a decline in the Company's profit share from the previous year. Overall profitability should improve as the Company claws back their lending book value over the course of the year. Overall Company running cost have been reduced as the business seeks to streamline operations. This has led to a marginally improved half year profit.

The Company was established particularly to provide funds to support the Fremantle region's community. The corollary is that the branch relies on the Fremantle community to support the branch's growth. The Company and its stakeholders look forward to achieving substantial growth in Fremantle as the city's population rises, as marketing initiatives have effect, and as Fremantle's economic fortunes improve

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**Auditor's Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the half-year ended 31 December 2018 is attached to the financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Directors

---

John Bird

Debra Rule

Dated this 12 March 2019

**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Fremantle Community Financial Services Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM**  
RSM AUSTRALIA PARTNERS

  
ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 12 March 2019

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED****ABN 41 114 925 174****Interim Financial Report****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Revenue	430,633	465,944
Employee benefits expense	(175,181)	(212,016)
Depreciation and amortisation expense	(14,127)	(14,554)
Other expenses	(180,847)	(200,695)
Profit before income tax	60,478	38,679
Income tax expense	(16,631)	(10,637)
<b>Profit for the period</b>	<b>43,847</b>	<b>28,042</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period attributable to members</b>	<b>43,847</b>	<b>28,042</b>
<b>Earnings per share</b>		
Basic earnings per share (cents per share)	5.95	3.81
Diluted earnings per share (cents per share)	5.95	3.81

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash	470,084	491,299
Trade and other receivables	77,989	81,578
Prepayments	73,385	9,148
<b>TOTAL CURRENT ASSETS</b>	<b>621,458</b>	<b>582,025</b>
<b>NON-CURRENT ASSETS</b>		
Other Assets	32,732	32,732
Property, plant and equipment	27,759	35,108
Intangible assets	29,842	36,620
Deferred tax assets	4,456	1,533
<b>TOTAL NON-CURRENT ASSETS</b>	<b>94,789</b>	<b>105,993</b>
<b>TOTAL ASSETS</b>	<b>716,247</b>	<b>688,018</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	67,667	65,802
Short-term provisions	10,799	3,997
Current tax liability	-	7,589
<b>TOTAL CURRENT LIABILITIES</b>	<b>78,466</b>	<b>77,388</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred Tax Liability	12,774	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12,774</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>86,784</b>	<b>77,388</b>
<b>NET ASSETS</b>	<b>625,007</b>	<b>610,630</b>
<b>EQUITY</b>		
Issued capital	736,759	736,759
Accumulated losses	(111,752)	(126,129)
<b>TOTAL EQUITY</b>	<b>625,007</b>	<b>610,630</b>

The accompanying notes form part of these financial statements

# FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

## Interim Financial Report

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Issued capital	Accumulated losses	Total
		\$	\$	\$
Balance at 1 July 2017		736,759	(162,347)	574,412
Total comprehensive income for the period		-	28,042	28,042
<b>Subtotal</b>		736,759	(134,305)	602,454
Dividends paid or provided for		-	(36,838)	(36,838)
<b>Balance at 31 December 2017</b>		<b>736,759</b>	<b>(171,143)</b>	<b>565,616</b>
Balance at 1 July 2018		736,759	(126,129)	610,630
Total comprehensive income for the period		-	43,847	43,847
<b>Subtotal</b>		736,759	(82,282)	654,477
Dividends paid or provided for		-	(29,470)	(29,470)
<b>Balance at 31 December 2018</b>		<b>736,759</b>	<b>(111,752)</b>	<b>625,007</b>

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	429,996	463,957
Payments to suppliers and employees	(417,533)	(429,217)
Income Tax Paid	(14,368)	(11,257)
Interest received	2,839	2,934
Net cash from operating activities	<u>934</u>	<u>26,417</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of dividend	<u>(22,149)</u>	<u>(36,742)</u>
Net cash used in financing activities	<u>(22,149)</u>	<u>(36,742)</u>
Net movement in cash held	(21,215)	(10,325)
Cash and cash equivalents at beginning of period	<u>491,299</u>	<u>440,995</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>470,084</u></b>	<b><u>430,670</u></b>

The accompanying notes form part of these financial statements



# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **Interim Financial Report**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

#### **NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Fremantle Community Financial Services Limited (the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2018, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters disclosed below.

#### **New and Revised Accounting Standards**

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current 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.

#### **AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The entity has adopted *AASB 15 Revenue from Contracts with Customers* from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

#### **IMPACT OF ADOPTION**

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption.

#### **NOTE 2: OPERATING SEGMENT**

The Company operates in a single segment being the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia.

#### **NOTE 3: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

#### **NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial period 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.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**



**Interim Financial Report**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - b. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

		
Directors	_____ John Bird	_____ Debra Rule
Dated this	12 March 2019	

**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100  
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

We have reviewed the accompanying half-year financial report of Fremantle Community Financial Services Limited which comprises the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fremantle Community Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fremantle Community Financial Services Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fremantle Community Financial Services Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**RSM**  
RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 12 March 2019

  
ALASDAIR WHYTE  
Partner