

# Annual Report 2019

Fremantle Community Financial  
Services Ltd

ABN 41 114 925 174

Fremantle **Community Bank**<sup>®</sup> Branch



# Chair's Report

For year ending 30 June 2019

In a year of tightening margins, increased competition and some aggressive marketing within the banking sector I thought I might recap on where we started and how grateful we are to that small group of people who had the insight to establish a bank that not only provides outstanding customer service but also contributes to the Fremantle community.

We opened our doors in 2006 with 450 accounts and \$7million on the books, since that time we have given over \$800,000 dollars back to the Fremantle community. We have focussed on supporting the Arts, Youth and Sport. We build long-term relationships with our community partners and sponsorship recipients who in turn are very happy with our service and advocate strongly on our behalf. We have a loyal group of shareholders and have paid an annual dividend since 2012.

This year we have strengthened our relationship with the Fremantle Tennis Club, Hilton Harvest and the Fremantle chapter of the Rotary Club. Our partnership with Sunday Music enabled the Fremantle **Community Bank**® and the Fremantle Rotary Club to co-host a very successful fundraising Film Night at the Fremantle Arts Centre. We also continue to sponsor the Rotary *Give a Can Give a Damn* campaign which collects food for the homeless. Our relationship with the South Fremantle Football Club, All Abilities, Fremantle Bowls Club and the Fremantle Workers Club continues to grow.

We are excited to announce a new project with Zero2Hero, a not for profit dedicated to increasing awareness and understanding of mental health issues among children and young people.

Luke Hall, a local lawyer and Janusz Olbromski a former Director joined the Board in early 2019 as observers and we are delighted to put them both up for election. Thank you to my fellow Directors for the time they give to our company and their continued passion for the Community Bank model.

Thank you also to Pan Santoso, our Branch Manager and the staff of the Fremantle **Community Bank**®. This year we have welcomed new staff members Lynne, Zoe, Ritika and Julia. Thank you to our banking partner Bendigo Bank and the WA State Office personnel. We are proud to partner with Australia's fifth largest bank and one of Australia's most trusted brands.

Thank you to our shareholders. Imagine if every one of our shareholders referred one customer to the Fremantle **Community Bank**® branch, imagine the growth to our business, to your investment and the benefit to our local community partners and projects.

Our Branch Manager is ready to act on your referrals. Please make yourself known to Pan and help us build the business of your Fremantle **Community Bank**®



Debra Rule

Chair

# Branch Manager's Report

The 2018/2019 financial year has been a year of consolidation for the branch. At the beginning of the financial year, the Fremantle **Community Bank**® Branch experienced a large decline in our loan book value which is a key revenue driver.

This decline was largely due to the economic factors that had impacted a proportion of our customers which resulted in the sale of assets. While it has been a very challenging year for the branch amongst a backdrop of a regulatory changes, declining property prices and an overarching economic downturn, we have managed to claw back most of our losses through new to bank acquisitions.

This has resulted in the following end of year totals:

- \$ 55.43 million of deposit funds
- \$ 59.28 million of loan funds
- \$ 8.28 million of other business
- \$122.99 million of total funds under management

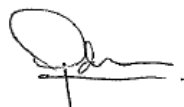
The branch continues to partner and support local community groups and develop channels through new and established relationships. We hope to see the branch making some inroads in increasing our market share heading into the new financial year.

During the year the branch has gone through an organisational restructure in order to improve efficiencies in servicing our customers and providing value.

We have welcomed on board Lynne Calam our part-time Customer Relationship Manager. We have also promoted internally, and we have introduced three new junior staff members. With the new changes, the branch is now gearing towards some growth heading into the new financial year.

The Board of Directors continue to dedicate their skills and expertise to ensure the governance and financial success of the Fremantle **Community Bank**® Branch. I thank them for their time, guidance and passion for local community. Their expertise will ensure that our business continues to be relevant in the Fremantle community.

To our customers and shareholders, thank you once again for your support, as we look to deliver a value to the marketplace.



Pan Santoso

Branch Manager

# Bendigo & Adelaide Bank report

---

For year ending 30 June 2019

As a bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our **Community Bank®** partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent **Community Bank®** branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 **Community Bank®** company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank®** company local board of directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your **Community Bank®** branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local **Community Bank®** business. All it takes is a referral to your local branch manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your **Community Bank®** branch and your community. We would also like to thank and acknowledge the amazing work of your branch staff and directors in developing your business and supporting the communities that you live and work in.



**Mark Cunneen**  
**Head of Community Support**  
**Bendigo and Adelaide Bank**

# Corporate Governance

The Board is comprised entirely of voluntary non executive independent Directors. The skills experience and composition of the Board is detailed in the Director's report. Details of the Director's shareholdings, their remuneration and any transactions which they have conducted with the company are included in the Director's reports and Notes to the financial statements.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The following subcommittees have been established to assist and advise the Board.

- Audit and Risk
- Human Resources
- Marketing and Sponsorship

## **Independent Professional Advice**

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Written approval must be obtained from the Chairperson prior to incurring any expense on behalf of the company.

## **Risk Management**

The Board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The Board receives advice on areas of operational and financial risks and develops strategies in conjunction with management to mitigate those risks.

## **Communication with Shareholders**

The Board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report is made available to all shareholders at <http://www.bendigobank.com.au/public/community/our-branches/fremantle/investor-relations>
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Announcements on the National Stock (NSX) at [www.nsx.com.au](http://www.nsx.com.au)

The Board strives to ensure company announcements via the NSX are made in a timely manner, are factual and expressed in a clear and objective manner.

# Dividend Payment History

---

Dividend to shareholders			
Financial Year	Amount Per Share	Franking Level %	Date Paid
2018/2019	0.04	100	6 Dec 2018
2017/2018	0.05	0	7 Nov 2017
2016/2017	0.05	0	8 Dec 2016
2015/2016	0.05	0	10 Dec 2015
2014/2015	0.05	0	17 Dec 2014
2013/2014	0.03	0	20 Dec 2013
2012/2013	0.03	0	22 Dec 2012

# Community Contributions History

---

Financial Year	Community Contributions \$
2018/2019	98,081
2017/2018	102,681
2016/2017	99,918
2015/2016	93,705
2014/2015	77,629
2013/2014	89,722
2012/2013	84,971
2011/2012	55,838
2010/2011	70,630
2009/2010	45,173
2008/2009	5,262
2007/2008	3,659
2006/2007	11,723
2005/2006	3,449

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

**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 Report



# FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

## Financial report for the year ended 30 June 2019

### DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2019.

#### 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**

### **Financial report for the year ended 30 June 2019**

#### *John Alexander Bird*

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 (retired 18 October 2018)*

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

#### *Donna Quinn (retired 18 October 2018)*

Position:	Non-Executive Director
Occupation:	Managing Director
Qualifications:	Bachelor of Applied Science
Background Information:	Donna is Managing Director of Quinn Consulting, a hospitality consulting business specialising in financial management and business development within the hospitality sector.  Her background includes both interstate and local leadership positions in large corporate hotel operations and more recently ownership and management of varied hospitality businesses.  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.
Directorships held in other entities:	Nil
Interest in shares and options	Nil

## **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

### **Financial report for the year ended 30 June 2019**

#### *Janusz Olbromski (Co-opted on 1 July 2019)*

Position:	Non-Executive Director
Occupation:	State Manager
Qualifications:	MBA, BEng, Dip OH&S
Background Information:	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.
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:	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.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

#### *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

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

*Luke Hall (Co-opted on 1 July 2019)*

Position: Non-Executive Director

Occupation: Lawyer

Qualifications: LLB, BCom

Background Information: Luke is a corporate and commercial lawyer. Luke has experience in capital raising and structuring issues including Corporations Act and ASX Listing Rule compliance and governance issues, private mergers and acquisitions, private equity transactions, initial public offerings and back-door listings.

Luke has formerly worked for major mining companies, engineering firms, and contractors in the mining and engineering sector. Prior to his career in the mining and engineering sector, he was employed by the Australian Securities and Investments Commission (ASIC) as a lawyer in the area of financial services regulation.

Directorships held in other entities: Nil

Interest in shares and options: Nil

**Company Secretary**

*S L Lam*

## FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

### Financial report for the year ended 30 June 2019

#### Directors meetings attended

During the financial year, 12 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	11	5	-	-	-	-	-	-
Debra Rule	11	11	-	-	-	-	-	-
John Bird	10	9	-	-	-	-	-	-
Dearne Russell	3	3	-	-	-	-	-	-
Donna Quinn	3	2	-	-	-	-	1	1
Sam Wilkinson	11	8	-	-	-	-	1	1
Sandra Lam	11	9	-	-	-	-	1	1

#### 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 \$49,439 (2018: \$73,056). The reduced profit in 2019 reflects the low prevailing interest rates and consequently, very low margins in the banking industry generally.

#### Dividends paid or recommended

The Company declared dividends of \$29,470 during the year (2018: \$36,838).

#### Financial position

The net assets of the Company have increased from \$610,630 as at 30 June 2018 to \$630,599 as at 30 June 2019, 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.

## **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

### **Financial report for the year ended 30 June 2019**

#### **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.

#### **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 2019:

Taxation services: \$7,500 (2018: \$7,500)

# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **Financial report for the year ended 30 June 2019**

### **REMUNERATION REPORT**

This report details the nature and amount of remuneration for each key management person of the Company.

#### **Remuneration of Directors**

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2018 and 30 June 2019.

#### **Remuneration policy key management**

No other key management personnel other than the Directors was identified.

#### **Performance-based remuneration**

Key management personnel's remuneration package is not linked to a performance-based component.

#### **Company performance, shareholder wealth and executive remuneration**

Shareholder wealth is not linked to key management personnel remuneration

#### **Key management personnel remuneration policy**

Key management personnel do not receive remuneration.

#### **Performance income as a proportion of total remuneration**

There are no performance-based bonuses paid to key management personnel.

The key management personnel of the company consisted of the following directors of Fremantle Community Financial Services Limited:

- Arnold Houwen
- Debra Rule
- John Alexander Bird
- Sandra Le Lam
- Luke Hall (co-opted on 1 July 2019)
- Sam Wilkinson
- Janusz Olbromski (co-opted on 1 July 2019)
- Donna Quinn (resigned 18 October 2018)
- Dearne Mary Russell (resigned 18 October 2018)

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

**Additional disclosures relating to key management personnel**

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Termination benefits \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
Arnold Houwen	-	-	-	-	-	-	-
Debra Rule	-	-	-	-	-	-	-
John Alexander Bird	-	-	-	-	-	-	-
Sandra Le Lam	-	-	-	-	-	-	-
Sam Wilkinson	-	-	-	-	-	-	-
Donna Quinn <sup>1</sup>	-	-	-	-	-	-	-
Dearne Mary Russell <sup>2</sup>	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2018	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Termination benefits \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
Arnold Houwen	-	-	-	-	-	-	-
Debra Rule	-	-	-	-	-	-	-
John Alexander Bird <sup>3</sup>	-	-	-	-	-	-	-
Sandra Le Lam	-	-	-	-	-	-	-
Bruce James Moriarty <sup>4</sup>	-	-	-	-	-	-	-
Sam Wilkinson	-	-	-	-	-	-	-
Donna Quinn	-	-	-	-	-	-	-
Dearne Mary Russell	-	-	-	-	-	-	-
Janusz Olbromski <sup>5</sup>	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

1 Represents remuneration from 1 July 2018 - 18 October 2018

2 Represents remuneration from 1 July 2018 - 18 October 2018

3 Represents remuneration from 1 July 2017 - 19 October 2017

4 Represents remuneration from 1 July 2017 - 19 October 2017

5 Represents remuneration from 1 July 2017 - 27 June 2018



**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

Proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
Arnold Houwen	-	-	-	-	-	-
Debra Rule	-	-	-	-	-	-
John Alexander Bird	-	-	-	-	-	-
Sandra Le Lam	-	-	-	-	-	-
Bruce James Moriarty	-	-	-	-	-	-
Sam Wilkinson	-	-	-	-	-	-
Donna Quinn	-	-	-	-	-	-
Dearne Mary Russell	-	-	-	-	-	-
Janusz Olbromski	-	-	-	-	-	-
Luke Hall	-	-	-	-	-	-

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below

**2019**

*Directors*

**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
Sandra Le Lam	-	-	-	-
Luke Hall	-	-	-	-
Sam Wilkinson	-	-	-	-
Janusz Olbromski	-	-	-	-
Donna Quinn <sup>1</sup>	-	-	-	-
Dearne Mary Russell <sup>2</sup>	-	-	-	-
	<b>13,430</b>	<b>-</b>	<b>-</b>	<b>13,430</b>

<sup>1</sup> Closing balance represents shares upon resignation (18 October 2018).

<sup>2</sup> Closing balance represents shares upon resignation (18 October 2018)

*Other transactions with key management personnel and their related parties*

There were no transactions with management personnel and their related parties in the current financial year

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

**Additional information**

The earnings of the company for the five years to 30 June 2019 are summarised below:

	2019	2018	2017	2016	2015
Sales revenue	854,731	928,117	948,399	979,972	966,365
EBITDA	95,106	129,451	131,954	174,954	169,984
EBIT	68,965	100,767	105,844	154,954	149,904
Profit after income tax	49,439	73,056	87,585	154,954	149,904

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end (\$)	0.50	0.45	0.45	0.45	0.60
Total dividends declared (cents per share)	0.04	0.05	0.05	0.05	0.05
Basic earnings per share (cents per share)	6.71	9.92	11.89	21.03	20.35

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the year ended 30 June 2019 is included within the financial statements.

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



Directors

Debra Rule



John Bird

Dated this Twelfth day of September 2019

**RSM Australia Partners**

Level 32, Exchange Plaza, 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 audit of the financial report of Fremantle Community Financial Services Limited for the year ended 30 June 2019, 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 audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**RSM**

**RSM AUSTRALIA PARTNERS**

*Al Whyte*

**ALASDAIR WHYTE**  
Partner

Perth, WA  
Dated: 12 September 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**

**Financial report for the year ended 30 June 2019**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	854,731	928,117
Employee benefits expense		(345,217)	(374,157)
Depreciation and amortisation expense		(26,141)	(28,684)
Other expenses	3	(414,408)	(424,509)
		<hr/>	<hr/>
Profit before income tax		68,965	100,767
Income tax expense	4	(19,526)	(27,711)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>49,439</b>	<b>73,056</b>
		<hr/>	<hr/>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to members</b>		<b>49,439</b>	<b>73,056</b>
		<hr/>	<hr/>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)		6.71	9.92
Diluted earnings per share (cents per share)		6.71	9.92

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	529,565	491,299
Trade and other receivables	7	79,992	81,578
Other assets	8	8,341	9,148
Current tax assets	22	1,127	-
<b>TOTAL CURRENT ASSETS</b>		<b>619,025</b>	<b>582,025</b>
<b>NON-CURRENT ASSETS</b>			
Other assets	8	32,732	32,732
Plant and equipment	9	22,523	35,108
Intangible assets	10	23,064	36,620
Deferred tax assets	22	2,955	1,533
<b>TOTAL NON-CURRENT ASSETS</b>		<b>81,274</b>	<b>105,993</b>
<b>TOTAL ASSETS</b>		<b>700,299</b>	<b>688,018</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	60,716	65,802
Short-term provisions	12	8,984	3,997
Current tax liability	22	-	7,589
<b>TOTAL CURRENT LIABILITIES</b>		<b>69,700</b>	<b>77,388</b>
<b>TOTAL LIABILITIES</b>		<b>69,700</b>	<b>77,388</b>
<b>NET ASSETS</b>		<b>630,599</b>	<b>610,630</b>
<b>EQUITY</b>			
Issued capital	13	736,759	736,759
Accumulated (losses)		(106,160)	(126,129)
<b>TOTAL EQUITY</b>		<b>630,599</b>	<b>610,630</b>

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	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/>
<b>Balance at 30 June 2018</b>	<b>736,759</b>	<b>(126,129)</b>	<b>610,630</b>
	<hr/>	<hr/>	<hr/>
<b>Balance at 1 July 2018</b>	736,759	(126,129)	610,630
Dividends declared during the year	-	(29,470)	(29,470)
Total comprehensive income for the year attributable to members	-	49,439	49,439
	<hr/>	<hr/>	<hr/>
	<b>736,759</b>	<b>(106,160)</b>	<b>630,599</b>
<b>Balance at 30 June 2019</b>	<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Financial report for the year ended 30 June 2019**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		849,850	924,576
Payments to suppliers and employees		(762,148)	(800,932)
Interest revenue		7,193	5,818
Tax paid		(29,664)	(39,913)
Net cash provided by operating activities	14	<u>65,231</u>	<u>89,549</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant, equipment and intangibles		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend Paid		(26,965)	(39,245)
Net cash used in financing activities		<u>(26,965)</u>	<u>(39,245)</u>
Net increase in cash held		38,266	50,304
Cash and cash equivalents at beginning of financial year		<u>491,299</u>	<u>440,995</u>
<b>Cash and cash equivalents at end of financial year</b>	<b>6</b>	<b><u>529,565</u></b>	<b><u>491,299</u></b>

The accompanying notes form part of these financial statements

# FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

## NOTES TO THE FINANCIAL STATEMENTS

### Financial report for the year ended 30 June 2019

#### 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 were authorized for issue on 26 September 2019 by the Directors of the Company.

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, revised or amending Accounting Standards and Interpretations adopted**

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

#### *AASB 9 Financial Instruments*

The Company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available..



# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Financial report for the year ended 30 June 2019**

#### *AASB 15 Revenue from Contracts with Customers*

The Company has adopted AASB 15 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. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

#### *Impact of adoption*

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption.

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently 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 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

#### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company is progressing with the assessment to determine the impact of this standard on the financial performance and position of the Company. The operating leases will be capitalised and corresponding lease liabilities and right to use assets will be recorded on the statement of financial position.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

**(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.

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.

# FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

## NOTES TO THE FINANCIAL STATEMENTS

### Financial report for the year ended 30 June 2019

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.

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

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Financial report for the year ended 30 June 2019**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### **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.

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.

# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

### **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 amount determined in accordance with the expected credit loss model under AASB 9 Financial Instruments and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 Revenue from Contracts with Customers. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

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.

### **(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.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

**(j) Revenue and other income**

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

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) Trade and other receivables**

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

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

**(n) Trade and other payables**

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

**(o) Comparative figures**

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

**(p) 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.

**(q) 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 are 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 2019.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue</b>		
Franchise margin income	833,216	902,597
Interest Income	7,193	5,811
Rental Income	14,322	19,709
	<hr/>	<hr/>
	<b>854,731</b>	<b>928,117</b>
	<hr/>	<hr/>
<b>3. Other expenses</b>		
Advertising and marketing	1,286	3,186
ASIC and NSX costs	13,388	9,143
ATM leasing and running costs	6,810	7,183
Bad debts charge/ (recovery)	-	2,134
Community sponsorship and donations	98,081	102,681
Freight and postage	9,377	9,185
Insurance	16,457	14,446
IT leasing and running costs	23,276	24,272
Occupancy running costs	58,757	62,457
Printing and stationery	8,816	10,960
Rental on operating lease	123,586	119,913
Telephone	12,640	14,566
Other operating expenses	43,220	44,383
	<hr/>	<hr/>
	<b>414,408</b>	<b>424,509</b>
	<hr/>	<hr/>
Remuneration of the auditors of the Company		
Audit services	11,900	11,700
Other Services	7,500	7,500
	<hr/>	<hr/>
	<b>19,400</b>	<b>19,200</b>
	<hr/>	<hr/>



**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>4. Income tax expense</b>		
a. The components of tax expense comprise:		
Current tax	20,948	28,183
Deferred tax (note 22)	(1,422)	(472)
	<u><b>19,526</b></u>	<u><b>27,711</b></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% (2018: 27.5%)	19,526	27,711
Less:		
Tax effect of:		
— Recoupment of prior year tax losses not previously brought to account	-	-
— Change in tax rate	-	-
— Other allowable items	-	-
	<u><b>19,526</b></u>	<u><b>27,711</b></u>
Income tax attributable to the Company	<u><b>19,526</b></u>	<u><b>27,711</b></u>

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

**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
Luke Hall	Non-Executive Director (Appointed 1 July 2019)
John Alexander Bird	Non-Executive Director / Treasurer
Sam Wilkinson	Non-Executive Director
Janusz Olbromski	Non-Executive Director (Appointed 1 July 2019)
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.

<b>2019</b>	<b>Ordinary Shares</b>			
<i>Directors</i>	<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
	<b>13,430</b>	<b>-</b>	<b>-</b>	<b>13,430</b>

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>6. Cash and cash equivalents</b>		
Cash at bank and in hand	529,565	<b>491,299</b>
<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	529,565	<b>491,299</b>
<b>7. Trade and other receivables</b>		
Trade debtors	78,193	80,502
Accrued Interest	1,799	1,076
	<b>79,992</b>	<b>81,578</b>
a. Expected credit loss on receivables		
The Company did not recognise a loss in profit or loss in respect of the expected credit losses for the year ended 30 June 2019 (2018: Nil).		
<b>8. Other assets</b>		
Current		
Prepayments	8,341	9,148
Other	-	-
	<b>8,341</b>	<b>9,148</b>
Non-current		
Bond	32,732	32,732
	<b>41,073</b>	<b>41,880</b>

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>9. Plant and equipment</b>		
Plant and equipment		
Cost	351,586	351,586
Accumulated depreciation	<u>(329,063)</u>	<u>(316,478)</u>
	<b><u>22,523</u></b>	<b><u>35,108</u></b>
<i>Movement in carrying amount</i>		
Balance at the beginning of the year	35,108	50,235
Additions		-
Depreciation expense	<u>(12,585)</u>	<u>(15,127)</u>
Carrying amount at the end of the year	<b><u>22,523</u></b>	<b><u>35,108</u></b>
<b>10. Intangible assets</b>		
Franchise fee		
Cost	67,781	67,781
Accumulated amortisation	<u>(44,717)</u>	<u>(31,161)</u>
	<b><u>23,064</u></b>	<b><u>36,620</u></b>
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.		
<b>11. Trade and other payables</b>		
Trade creditors and accruals	47,768	51,697
GST payable	<u>12,948</u>	<u>14,105</u>
	<b><u>60,716</u></b>	<b><u>65,802</u></b>

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>12. Provisions</b>		
Current		
Provision for employee entitlements	<u>8,984</u>	<u>3,997</u>
Number of employees at year end	<u>8</u>	<u>6</u>
<b>13. Equity</b>		
736,759 (2018: 736,759) fully paid ordinary shares	<u>736,759</u>	<u>736,759</u>
<b>14. Cash flow information</b>		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	49,619	73,056
Depreciation and amortisation	26,141	28,684
<i>Movement in assets and liabilities</i>		
Receivables	1,586	2,271
Other assets	(317)	8,801
Deferred tax asset	(1,422)	(472)
Payables	(7,774)	(3,972)
Provisions	4,987	(7,088)
Current tax liability	<u>(7,589)</u>	<u>(11,731)</u>
Net cash provided by operating activities	<u>65,231</u>	<u>89,549</u>
b. Credit Standby Arrangement and Loan Facilities		
The Company had a bank overdraft facility amounting to \$0 (2018: \$250,000 which the Directors approved to cancel on 27 September 2018).		
<b>15. Related party transactions</b>		
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**

**Financial report for the year ended 30 June 2019**

	2019	2018
	\$	\$
<b>16. Leasing commitments</b>		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	123,461	121,296
Longer than 1 year but not longer than 5 years	92,596	212,268
	<u>216,057</u>	<u>333,564</u>
<b>17. Dividends</b>		
Distributions paid	<u>29,470</u>	<u>36,838</u>
a. Balance of franking account at beginning of year for franking credits arising from:		
- payment of provision for income tax	69,578	39,914
- dividends paid	<u>(11,178)</u>	<u>-</u>
Balance of franking account at end of year	<u>58,400</u>	<u>-</u>
<b>18. Financial risk management</b>		
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.		
<b>a. Financial risk management policies</b>		
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 2019.		
<b>b. Financial risk exposures and management</b>		
The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.		
<i>i. Interest rate risk</i>		
Interest rate risk is managed with a mixture of fixed and floating rate debt.		

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

**18. Financial risk management (Cont.)**

*ii. Liquidity risk*

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

*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 2019.

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 2018 and 30 June 2019 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.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

2019		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	1.91%	-	375,291	-	154,274	529,565
Loans and receivables		-	-	-	78,193	78,193
<b>Total Financial Assets</b>		-	<b>375,291</b>	-	<b>232,467</b>	<b>607,758</b>
<i>Financial Liability</i>						
Trade and other payables		-	-	-	(59,098)	(59,098)
<b>Total Financial Liabilities</b>		-	-	-	<b>(59,098)</b>	<b>(59,098)</b>

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		-	-	-	80,502	80502
<b>Total Financial Assets</b>		-	<b>268,820</b>	-	<b>302,981</b>	<b>571,801</b>
<i>Financial Liability</i>						
Trade and other payables		-	-	-	(65,802)	(65,802)
<b>Total Financial Liabilities</b>					<b>(65,802)</b>	<b>(65,802)</b>

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	<b>59,098</b>	<b>65,802</b>



# FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2019

### 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.

### 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 2019, 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:

#### 2019

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	529,565	(10,591)	(10,591)	10,591	10,591

#### 2018

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

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**

**Financial report for the year ended 30 June 2019**

**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**

**Financial report for the year ended 30 June 2019**

	2019	2018
	\$	\$
<b>22. Tax</b>		
<b>a. Liability</b>		
Current		
Income tax	<u>(1,127)</u>	<u>7,589</u>
<b>b. Assets</b>		
Deferred tax assets comprise:		
Provisions	<u>2,498</u>	1,099
Other	<u>457</u>	434
	<u><b>2,955</b></u>	<u><b>1,533</b></u>
<b>c. Reconciliations</b>		
<b>i. Gross Movements</b>		
The overall movement in the deferred tax account is as follows:		
Opening balance	1,533	1,061
Statement of comprehensive income	<u>1,422</u>	472
Closing balance	<u><b>2,955</b></u>	<u><b>1,533</b></u>
<b>ii. Deferred Tax Assets</b>		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
<i>Provisions</i>		
Opening balance	1,099	3,048
Statement of comprehensive income	<u>1,399</u>	(1,949)
Closing balance	<u><b>2,498</b></u>	<u><b>1,099</b></u>
<i>Other</i>		
Opening balance	434	(1,987)
Statement of comprehensive income	<u>23</u>	2,421
Closing balance	<u><b>457</b></u>	<u><b>434</b></u>

## **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

#### **23. Relationship with 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

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2019**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
4. 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

Debra Rule



John Bird

Dated this

Twelfth

day of September 2019

**RSM Australia Partners**

Level 32, Exchange Plaza  
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 REPORT  
TO THE MEMBERS OF  
FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**Opinion**

We have audited the financial report of Fremantle Community Financial Services Limited (the "Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Key Audit Matters**

We have determined that there are no key audit matters to communicate in our report.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

AL Whyte

ALASDAIR WHYTE  
Partner

Perth, WA

Dated: 12 September 2019



# NSX additional information

Additional Information required by the National Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 June, 2019.

## (a) Distribution of equity securities

The number of shareholders by size of holding, are:

Share Distribution Schedule	Holders	Shares Held	% L/C
1 – 1,000	178	112,757	15.30
1,001 – 5,000	60	165,000	22.40
5,001 – 10,000	13	120,001	16.29
10,001 – 100,000	10	339,001	46.01
100,001 and over	0	0	0.00
	<b>261</b>	<b>736,759</b>	<b>100</b>

There are 15 shareholders holding less than a marketable parcel of shares (\$500 in value). Their holdings total 1,755 shares.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

## (b) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

		Number of shares	Number of ordinary shares
1.	Fremantle Education Centre	71,000	71,000
2.	Dreamtea Pty Ltd as trustee for the Klenowski Super Fund	70,000	70,000
3.	Ms Guart K Hoo as trustee for Prosperity Super Fund	70,000	70,000

# NSX additional information

4.	Winpar Holdings Limited	20,000	20,000
5.	Ms Judith Marie Allison	20,000	20,000
6.	Mr Russell Barker	20,000	20,000
7.	Ms Robyn O'Byrne trustee for Freo Superannuation Fund Pty Ltd	20,000	20,000
8.	Northern Suburbs Secretarial	19,000	19,000
9.	Mr Thomas E Fay and Mrs Valeria E Fay	15,000	15,000
10.	Bexley Holdings Pty Ltd	14,001	14,001
11.	Ms Debra Rule	10,000	10,000
12.	Amore Mia Pty Ltd	10,000	10,000
13.	Mr Kevin Collins and Mrs Virginia Collins	10,000	10,000
14.	Mrs Cecily Cropley as trustee for Cropley Super Fund	10,000	10,000
15.	Dietmar Mazanetz Pty Ltd	10,000	10,000
16.	Mr Ric Glover and Ms Silvan Abbruzzese	10,000	10,000
17.	Mr Salvatore Gumina	10,000	10,000
18.	Mr Lindsay J Hill and Mrs Judith A Hill	10,000	10,000
19.	Mrs Maria Mazanetz and Mr Michael P Mazanetz	10,000	10,000
20.	Mr Thomas Watson and Mrs Jeanette Watson	10,000	10,000

## (c) Voting rights

Each shareholder has one vote.

# NSX additional information

## (d) 5 Year Summary of Performance

		2015	2016	2017	2018	2019
Gross Revenue	\$'000	966	980	948	928	855
Net profit before tax	\$'000	150	155	106	101	69
Total assets	\$'000	488	610	677	688	700
Total liabilities	\$'000	82	56	103	77	70
Shareholders' funds	\$'000	406	524	574	611	631
Earnings per share	Cents	20.35	21.03	11.89	9.92	6.71
Dividends per share	Cents	0.05	0.05	0.05	0.05	0.04
Net tangible assets per share	Cents	0.54	0.62	0.71	0.78	0.82

## (e) Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has a Strategic Plan and Action Plan and policy framework. We believe that the building of a strategic plan and policy framework will assist to clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three Directors and a maximum of 10:
- The Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

# NSX additional information

## The Directors in office at the date of this statement are:

Debra Rule	Chairperson
Arnold Houwen	Director
John Bird	Director
Sam Wilkinson	Director
Sandra Lam	Director

## Board responsibilities

The Board is comprised entirely of voluntary non-executive independent Directors. The skills, experience and composition of the Board is detailed in the Director's report. Details of the Director's shareholdings, their remuneration and any transactions which they have conducted with the company are included in the Director's reports and Notes to the financial statements. The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations.

As a Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The Board is responsible for ensuring that management's objective and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- Monitoring of the Board's performance and communication to shareholders in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Board. Directors whose performance is unsatisfactory are asked to retire

# NSX additional information

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- The Annual Report is made available to all shareholders at [www.bendigobank.com.au/public/community/our-branches/fremantle/investor-relations](http://www.bendigobank.com.au/public/community/our-branches/fremantle/investor-relations)
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.
- Announcements on the National Stock (NSX) at [www.nsx.com.au](http://www.nsx.com.au)

The Board has established Audit and Risk, Human Resources and Marketing and Sponsorship Committees.

**(f) Name of Company Secretary:**

Sandra Lam

**(g) Address and telephone number of registered office:**

The registered office is located at:

Fremantle Community Bank  
9 Adelaide Street  
Fremantle WA 6160  
Telephone: (08) 9433 4969  
Fax: (08) 9433 3597

The principal administrative office of the company is located at:

Fremantle Community Bank  
9 Adelaide Street  
Fremantle WA 6160  
Telephone: (08) 9433 4969  
Fax: (08) 9433 3597

**(g) Address and telephone number of office at which securities register is kept.**

Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Telephone: (08) 9315 2333  
Fax: (08) 9315 2233

Fremantle Community Financial Services Limited

# NSX additional information

## **(h) Trading history**

The trading history for Fremantle Community Financial Services Limited is available on the NSX website at [www.nsx.com.au](http://www.nsx.com.au)



Fremantle **Community Bank**® Branch  
9 Adelaide Street, Fremantle WA 6160  
Phone: (08) 9433 4969 Fax (08) 9433 5272  
Email: 9691@bendigoadelaide.com.au

Franchisee: Fremantle Community Financial Services Ltd  
PO Box 1469 Fremantle WA 6959  
Phone: (08) 9433 4969 Fax (08) 9433 5272  
Email: admin@bendigofreo.com.au  
ABN: 41 114 925 174

[www.bendigobank.com.au/fremantle](http://www.bendigobank.com.au/fremantle)  
[www.facebook.com/FremantleCommunityBankBranch](https://www.facebook.com/FremantleCommunityBankBranch)  
(DATE: 09/19)