

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE, 2018

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

CONTENTS

	<u>PAGE</u>
Directors' Report	3
Auditor's Independence Declaration	8
Statement of Profit or Loss and other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	29
Independent Auditor's Report	30

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS REPORT

FOR THE YEAR ENDED 30TH JUNE, 2018

Your Directors present their report on the entity for the financial year ended 30th June, 2018.

Directors

The names of each person who has been a Director during the year and to the date of this report are:

M. KAGAN	
L STRINGER	
J THOMAS	
R PANTALEO	
D ROBERTSON	
G HENDERSON	
R SHAW	Resigned 22/02/18
D REED	Resigned 31/12/17
A HAIGH (Alternate for D Reed)	Resigned 31/12/17
G WYMOND (Alternate for S Pantaleo)	
J O'REILLY	Appointed 02/05/18
R SHARPE (Alternate for D Robertson)	Resigned 22/02/18
M MERCURI	Appointed 21/02/18
Z DETMOLD (Alternate for M Mercuri)	Appointed 26/02/18
C. VELLA (Alternate for D Robertson)	Appointed 06/12/17

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of Family Business Australia (FBA) during the financial year were to provide business services to family owned business members and our FBA professional advisors through education, networking events, advocacy, forums and conferences.

Commentary on Financial Year 2018 Performance

Family Business Australia's (FBA) financial result for the year ending 30th June 2018 was a deficit of \$29,036 (2017 surplus \$85,862). The deficit was mainly based on the financial result of the National Conference and the Board approved additional expenditure associated with our extensive in-bound marketing strategy.

Whilst the August / September 2017 National Conference was well supported by FBA members with the number of attendees slightly below the previous year, FBA was aiming for an increase in the number of delegates which did not transpire and as a result, there was a shortfall in the expected revenue compared to budget.

**FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000**

DIRECTORS REPORT (cont'd)

FOR THE YEAR ENDED 30TH JUNE, 2018

FBA membership moved above 2100 during the year after we achieved a 9.4% net increase (compared to a budgeted increase of 20%) of new members. This was achieved without the majority of FBA's new marketing initiatives getting underway. FBA was successful in achieving its member retention budget of 87.5% which is a good indication that FBA is on the right track in the value that we are offering to our members.

Our forum group numbers were static for the financial year (i.e. we lost some forum members and gained some new forum members). We were not able to place as many new members into existing groups as we would have liked. Our forum group program is a very important part of the FBA offering and more time will be spent in FY2019 to improve the delivery mechanism of placing prospective members into existing forum groups.

Our education program remains a strong component of the FBA offering and this year we released the first new program in sometime, the Emerging Leaders program, which was well received with over 21 participants engaged in upskilling themselves in leadership and strategy. Overall total revenue for education increased by 45% and our net result was 25% ahead of last year's result, however it was unfavourable to budget by 19%.

FBA runs over 100 events a year (excluding conferences and education) and this forms part of our engagement mechanism for members. Significant time and energy goes into the delivery of these events and this year was no exception. Like our education offering, revenue in this area increased by 59% and the net outcome by 66% and we were favourable to budget by 50%. Obviously this is a positive outcome, however I will stress that our event program only represents 12% of our income, yet represents approximately 40%+ of resource hours.

Tight controls were in place during the year to manage FBA operational expenses and we achieved a 5.1% favourable outcome compared to budget during the year, but our operating expenses were 10.7% above last year (FY2017).

Other key outcomes during FY2018 were:

- Successfully launched the Family Owned Australian Business Emblem campaign where we are promoting the engagement and/or acquisition of FBA member goods or services over those of non-family businesses;
- Launched a new website that we hope will dramatically improve the member engagement journey with FBA;
- Partnered with the University of Adelaide in the delivery of our Adviser Accreditation Program;
- Released our new education offering, the Emerging Leaders program; and
- Launched a new Adviser Marketplace Platform to allow family businesses to find and engage a family business expert.

FBA would like to acknowledge the valuable contributions made by so many individuals whose dedication to the future of FBA is greatly appreciated and many who provide their time in a voluntary capacity:

- The FBA National Board;
- The State Chapter Committees;
- Forum Facilitators;
- Working committees including the Audit, Finance & Risk Committee and our Education Committee; and
- Our newly formed Council of Wisdom whose charter is to assist in the Awards program, ensure FBA's history is maintained and to review and make recommendations to the Board on matters such as Advocacy.

**FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000**

DIRECTORS REPORT (cont'd)

FOR THE YEAR ENDED 30TH JUNE, 2018

Short Term Objectives

- Represent the family business sector and allow family businesses to leverage their competitive advantage;
- Increase new membership to 2,385 (a 15% net increase) by 30th June 2019 (budgeted retention rate of 87.5%);
- Increase forum participation by 13%;
- Increase total revenue to \$3.4m and have \$362,300 in reserve and Net Assets by 30th June 2019; and
- A net surplus of \$56,778 budgeted for FY2019.

Long term objectives

- Be recognised as the peak body for families in business in Australia and recognition of the overall sector by the community, government and the media.
- Generate greater public awareness of Family Owned Australian Businesses and educate consumers on the importance of choosing Family Owned Australian Businesses products and services.
- Provide a customer focused market place platform for easy engagement of Accredited Advisors.
- Focus on Australian capital cities and large regional centres.
- Members: 5000 by 2020 with a retention rate maintained at around 87.5%.

Overall Strategies

1. **Grow** our membership and maintain a 87.5% retention rate.
2. **Focus on resourcing for growth** by strengthening our workforce capabilities, to ensure that FBA has the right resources focused on the right tasks.
3. **Being Relevant to the family business sector** by providing education and a valuable suite of offerings that can be flexible to meet the changing needs of the family business sector.
4. **Raise brand awareness of FBA** and its offerings to the family business sector throughout Asia Pacific and to promote family business.
5. **Be the Peak Body in promoting the family business sector throughout Asia Pacific**, to have a clear understanding of the challenges and issues affecting the family business sector, to obtain a voice, advocate and represent the family business sector at all government & industry levels.
6. **Ensure FBA's technical capabilities enhance the member / non-member experience.**
7. **Maintain good Governance practices**, to have governance and management systems that reflect and incorporate best practice.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS REPORT (cont'd)

Directors Qualifications, Experience and Board Meetings Attended during FY 2018

The number of meetings of Company Directors held during the year ended 30th June, 2018 was 4.

Name	Experience/Directorships	Responsibilities	Meetings Attended
J Thomas	Visiting Research Fellow University of Adelaide Business School	Non Executive Director	4/4
G Henderson	Director of Mitchell Laminates Pty Ltd, Mitchell Plastics Pty Ltd, plus various other family business directorships	Non Executive Director	3/4
R Sharpe (Alternate to D Robertson)	Director of Sharpe Bros (Aust) Pty Ltd., United Way Australia, Judo NSW	Non Executive Director	0/4
R Shaw	Director Hawkins Family Group	Non Executive Director	1/2
D Reed	Director of Resource Furniture	Non Executive Director	3/4
A Haigh (Alternate to D Reed)	Director of Haighs Group of Companies	Non Executive Director	0/4
R Pantaleo	Director of La Porchetta	Non Executive Director	3/4
M Kagan	Director of Scapa Imports Pty Ltd	Non Executive Director	4/4
D Robertson	Director of Danielle Robertson Consulting Pty Ltd	Non Executive Director	4/4
L Stringer	Director of Lawnswood Pty Ltd, Eastern Pets Pty Ltd & Cooko Pty Ltd	Non Executive Director	4/4
G Wymond (Alternate to R Pantaleo)	Director of Eye Right Optical	Non Executive Director	1/4
J O'Reilly	Director of National Parks Pty Ltd	Non Executive Director	2/2
M Mercuri	Company Secretary Ennio International	Non Executive Director	1/4
Z Detmold (Alternate to M Mercuri)	Director of Detmold Group	Non Executive Director	0/4
C. Vella (Alternate to R Show)	C.O.O of Vellex Group	Non Executive Director	0/4

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS REPORT (cont'd)

Company wind up

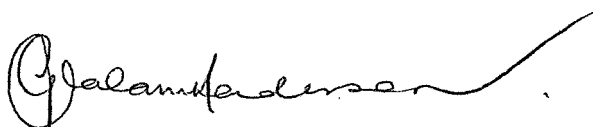
The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the entity. At 30 June, 2018 the collective liability of the members was \$4,194 (2017 \$3,834).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June, 2018 as required under section 307c of the Corporations Act 2001 can be found on page 8 of the Directors Report.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001

For and on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Graham Henderson', with a long, sweeping flourish extending to the right.

Graham Henderson
Director
Date: 17 August 2018

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FAMILY BUSINESS AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Hung, CA
rdl.accountants

17 August 2018
Blackburn, Victoria

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>NOTE</u>	<u>2018</u> \$	<u>2017</u> \$
Revenue from Continuing Operations	2	3,076,990	2,525,976
Cost of Functions and Events		(1,261,757)	(792,467)
Gross Surplus		1,815,233	1,733,509
Amortisation expense	3	(10,165)	(8,585)
Depreciation expense	3	(7,281)	(5,206)
Finance costs	3	(2,444)	(2,023)
Employee benefits expense		(1,408,762)	(1,267,257)
Accounting and Audit		(9,000)	(11,090)
Advertising		-	(5,657)
Printing, postage and stationery		(48,993)	(24,796)
Bad Debts		-	-
Telephone		(14,224)	(24,861)
Travel		(51,143)	(60,034)
Marketing		(81,905)	(10,867)
Rent	3	(59,865)	(64,666)
Education		(2,670)	(11,630)
Other expenses		(147,817)	(150,975)
(Deficit)/Surplus before income tax		(29,036)	85,862
Income Tax	5	-	-
(Deficit)/Surplus after related income tax attributable to members of the Company		(29,036)	85,862
Other Comprehensive (Deficit)/Surplus:		-	-
Total Comprehensive (Deficit)/Surplus for the year		(29,036)	85,862
Total Comprehensive (Deficit)/Surplus attributed to members of the Company		(29,036)	85,862

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2018

	<u>NOTE</u>	<u>2018</u> \$	<u>2017</u> \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	1,300,613	687,010
Trade and Other Receivables	8	433,602	368,121
Inventories	9	-	4,299
Financial Assets	10	274,543	267,597
TOTAL CURRENT ASSETS		2,008,758	1,327,027
NON CURRENT ASSETS			
Property, Plant and Equipment	11	18,975	21,289
Intangible Assets	12	66,426	33,924
Loan Receivable	13	5,919	-
TOTAL NON CURRENT ASSETS		91,320	55,213
TOTAL ASSETS		2,100,078	1,382,240
CURRENT LIABILITIES			
Trade and Other Payables	14	383,675	193,900
Other Current Liabilities	15	1,328,268	784,488
Provisions	16 (a)	79,155	64,728
TOTAL CURRENT LIABILITIES		1,791,098	1,043,116
NON CURRENT LIABILITIES			
Provisions	16 (b)	3,460	4,564
TOTAL NON CURRENT LIABILITIES		3,460	4,564
TOTAL LIABILITIES		1,794,558	1,047,680
NET ASSETS		305,520	334,560
EQUITY			
Accumulated surplus		305,520	334,560
TOTAL EQUITY		305,520	334,560

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

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

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
Total equity at the beginning of the financial year	334,556	248,694
Total recognised gains and losses for the financial year:		
(Deficit) Surplus for the year	(29,036)	85,862
Total equity at the end of the financial year	<u>305,520</u>	<u>334,556</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>NOTE</u>	<u>2018</u> \$	<u>2017</u> \$
Cash Flows from Operating Activities			
Receipts from customers		4,043,638	3,082,503
Interest received		14,986	12,300
Payments to suppliers and employees		(3,382,078)	(3,084,155)
Finance costs		(2,444)	(2,023)
Net Cash (Outflows)/Inflows from Operating Activities	20 (b)	<u>674,102</u>	<u>8,625</u>
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		-	-
Payments for property, plant and equipment		(4,967)	(11,462)
Payments for intangibles – website development		(42,667)	(16,755)
Loan Receivable		(5,919)	-
Payments for additional financial assets		(6,946)	(33,721)
Net Cash Outflows from Investing Activities		<u>(60,499)</u>	<u>(61,938)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		613,603	(53,313)
Cash and cash equivalents at the beginning of the financial year		<u>687,010</u>	<u>740,323</u>
Cash and Cash Equivalents at the End of the Financial Year	20 (a)	<u>1,300,613</u>	<u>687,010</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>PAGE</u>
NOTE 1: Statement of Significant Accounting Policies	14
NOTE 2: Revenue	20
NOTE 3: Deficit/Surplus for the year	20
NOTE 4: Remuneration of Auditors	20
NOTE 5: Taxation	21
NOTE 6: Segment Information	21
NOTE 7: Cash and Cash Equivalents	21
NOTE 8: Trade and Other Receivables	21
NOTE 9: Inventories	22
NOTE 10: Financial Assets	22
NOTE 11: Property, Plant and Equipment	23
NOTE 12: Intangible Assets	24
NOTE 13: Investments	24
NOTE 14: Trade and Other Payables	24
NOTE 15: Other Current Liabilities	24
NOTE 16: Provisions	25
NOTE 17: Key Management Personnel Disclosures	26
NOTE 18: Related Party Transactions	26
NOTE 19: Financial Risk Management	27
NOTE 20: Cash Flow Information	28
NOTE 21: Capital and Leasing Commitments	28
NOTE 22: Events Subsequent to Balance Sheet Date	28

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 1: Statement of Significant Accounting Policies

(a) General information

The financial report covers the entity of Family Business Australia Limited, a Company limited by guarantee, incorporated and domiciled in Australia. The functional and presentation currency of the company is Australian dollars.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of preparation

Family Business Australia Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Amounts disclosed as revenue are net of returns and duties and taxes paid including GST. Revenue is recognised for the major business activities as follows:

(i) Sponsorship/Events/Other

Revenue is recognised on an accruals basis when it is probable that future economic benefits will flow to the Company.

For sponsorship revenue, this is recognised as the service is provided.

For events and functions, this is recognised when the event occurs.

Monies received in the current period which relate to the following period are recorded as deferred revenue and subsequently recognised as revenue in the period which they relate to.

(ii) Membership

Revenue earned for membership fees are recognised over the period of membership. Monies received in the current period which relate to the following period are recorded as deferred revenue and subsequently recognised as revenue in the period which they relate to.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the periods in which they are incurred. Rental increases are based on CPI, therefore to apply the straight-line basis will have no effect on the expense.

(e) Income Tax

Family Business Australia Limited is a not for profit organisation under the Income Tax Assessment Act 1997 and is exempt from income tax (note 5).

(f) Cash and Cash Equivalents

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

(g) Trade and Other Receivables

All receivables are categorised as 'Loans and Receivables' under the requirements of AASB 139 "Financial Instruments: Recognition and Measurement" and are recognised initially at fair value, and subsequently at amortised cost. All trade and other receivables are current. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

An allowance for doubtful debts is based on a review of outstanding balances at balance sheet date, and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 90 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all other cases bad debts have been written off as an expense directly in the income statement.

(h) Impairment of Assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

(i) Property, Plant and Equipment

Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by Directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

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.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating surplus or deficit before income tax of the company in the year of disposal.

Depreciation

The depreciable amount of each fixed asset is depreciated using the straight line and diminishing value methods, over the useful life of each asset to the Company commencing from the time the asset is held ready for use. The expected useful lives of asset classes are as follows:

Class of Fixed Asset	Estimated useful lives
Office Equipment	5-20 years
Computer Equipment	3 years
Leasehold Improvements	4 years

(j) Intangible Assets

Computer software acquired is capitalised.

Expenditure on software development is recognised in the income statement as incurred, unless specific requirements mainly relating to technical and commercial feasibility are met, in which case the expenditure is capitalised.

Computer software has a finite useful life and is amortised at 33.33% on a straight line method to allocate the cost over the estimated useful life.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

(k) Trade and Other Payables

Trade and other payables, including accruals, are recorded initially at fair value, and subsequently at amortised cost. Trade and other payables are non-interest bearing.

(l) Employee Benefits

(i) Annual Leave

Liabilities for annual leave, expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

A liability for long service leave is recognised, and is measured as the value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST 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 balance sheet are shown inclusive of GST.

(n) Critical judgements and significant accounting estimates

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

Estimation of useful lives of assets

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

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

(n) Critical judgements and significant accounting estimates (cont'd)

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

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

Employee benefits provision

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

(o) Going Concern

With a decrease in Net Assets in the year of (\$29,036) (2017: \$85,862 increase) being generated, the Directors feel that preparation of the Financial Statements on a Going Concern basis remains appropriate, based on management's expectations of income for the coming year on which the company is dependent, and the cash position of the company.

(p) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

(i) Loans and receivables

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

(ii) Held-to-maturity investments

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

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

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

Derecognition

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

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 2: Revenue</u>		
Continuing Operations:		
Sponsorship	306,065	181,076
Functions/Events	2,172,380	1,835,239
Membership Fees	583,559	497,361
Interest Received	14,986	12,300
Total Revenue	<u>3,076,990</u>	<u>2,525,976</u>

NOTE 3: (Deficit)/Surplus for the year

(Deficit)/Surplus for the year has been determined after:

(a) Expenses:

Amortisation of intangibles	<u>10,165</u>	<u>8,585</u>
Depreciation		
Office Equipment	4,117	3,435
Computer Equipment	3,164	1,771
Leasehold Improvements	-	-
	<u>7,281</u>	<u>5,206</u>
Rental expense relating to operating leases		
Rental Expense	<u>59,865</u>	<u>64,666</u>
Finance Costs		
Bank Charges	<u>2,444</u>	<u>2,023</u>
Defined Contribution Superannuation Expense	<u>115,162</u>	<u>101,936</u>

NOTE 4: Remuneration of Auditor

Remuneration of the Auditor of the Company for:		
Audit of the financial report	10,000	9,800
Audit travel disbursements	60	90
Assistance with preparation of financial report	-	-
	<u>10,060</u>	<u>9,890</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 5: Taxation

On 9th October, 1998, Family Business Australia Limited received a private ruling from the Australia Taxation Office exempting it from both income tax and tax on any capital gains derived. The ruling applies to years of income from 30th June, 1999 onwards. Accordingly no income tax expense/benefit is applicable for the current year.

NOTE 6: Segment Information

The Company operates in Australia in one industry segment, being the provision of services and information to help families who run businesses.

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 7: Cash and Cash Equivalents</u>		
Cash at bank and on hand	1,082,888	469,285
Deposit at call	217,725	217,725
	1,300,613	687,010
	1,300,613	687,010

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. In 2018 the average floating interest rates for the company was 2.14% (2017: 2.4%).

NOTE 8: Trade and Other Receivables

	<u>2018</u>	<u>2017</u>
	\$	\$
Trade receivables	172,175	246,333
Provision for impairment	(4,275)	(4,275)
Other receivables and prepayments	265,702	126,063
GST Receivable	-	-
	433,602	368,121
	433,602	368,121

The trade and other receivables are non-interest bearing.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 8: Trade and Other Receivables (cont'd)

The movement in the allowance for impairment of trade receivables during the year is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Opening balance	4,275	4,275
Impairment provision recognised during the year	-	-
Bad debts written off	-	-
Closing balance	<u>4,275</u>	<u>4,275</u>

Based on past experience, the company believes that no impairment of receivables which are not past due, and not impaired, is necessary.

The company operates in Australia only and therefore no ageing of trade receivables by geographic location, or analysis of impairment of trade receivables by geographic location, is provided.

Other Receivables

These amounts generally arise from transactions outside the usual operating activities of the company. None of the other current receivables are impaired or past due.

NOTE 9: Inventories

	<u>2018</u>	<u>2017</u>
	\$	\$
At Cost:		
Inventory	-	4,299
	<u>-</u>	<u>4,299</u>

During the year the balance of course materials stock was written off.

NOTE 10: Financial Assets

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		\$	\$
Held-to maturity financial assets	10a	<u>274,543</u>	<u>267,597</u>
		<u>274,543</u>	<u>267,597</u>
a. Held-to-maturity Investments			
Fixed Bank Term Deposits		<u>274,543</u>	<u>267,597</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 11: Property, Plant and Equipment</u>		
(a) Plant & Equipment comprises:		
Office equipment – at cost	53,055	50,691
Less: accumulated depreciation	<u>(39,744)</u>	<u>(35,627)</u>
	<u>13,311</u>	<u>15,064</u>
Computer equipment – at cost	96,930	94,327
Less: accumulated depreciation	<u>(91,266)</u>	<u>(88,102)</u>
	<u>5,664</u>	<u>6,225</u>
Leasehold Improvements – at cost	-	-
Less: accumulated depreciation	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>18,975</u></u>	<u><u>21,289</u></u>

(b) Movements in carrying amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	2018			
	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Total \$
Carrying amount at start of year	15,064	6,225	-	21,289
Additions	2,364	2,603	-	4,967
Disposals	-	-	-	-
Depreciation expense	<u>(4,117)</u>	<u>(3,164)</u>	<u>-</u>	<u>(7,281)</u>
Carrying amount at end of year	<u><u>13,311</u></u>	<u><u>5,664</u></u>	<u><u>-</u></u>	<u><u>18,975</u></u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 12: Intangible Assets</u>		
Computer software – at cost	225,374	182,707
Less: accumulated amortisation	<u>158,948</u>	<u>(148,783)</u>
	<u>66,426</u>	<u>33,924</u>

Movements in carrying amounts:

Movement in the carrying amounts between the beginning and the end of the current financial year.

	<u>2018</u>	<u>2017</u>
	\$	\$
Carrying amount at start of year	33,924	25,754
Additions	42,667	16,755
Amortisation expense	<u>(10,165)</u>	<u>(8,585)</u>
Carrying amount at end of year	<u>66,426</u>	<u>33,924</u>

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 13: Loan Receivable</u>		
Loan to Family Business NZ	<u>5,919</u>	-
Total Loan Receivable	<u>5,919</u>	-

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 14: Trade and Other Payables</u>		
Unsecured liabilities:		
Trade creditors	286,563	55,717
GST Payable	3,499	41,665
Other payables and accruals	<u>93,613</u>	<u>96,518</u>
Total Trade and Other Payables	<u>383,675</u>	<u>193,900</u>

<u>NOTE 15: Other Current Liabilities</u>		
Deferred revenue	<u>1,328,268</u>	<u>784,488</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>NOTE 16: Provisions</u>		
Opening balance at 1 July	69,292	53,913
Additional provisions raised during year	29,137	31,072
Amounts used	(15,814)	(15,693)
	82,615	69,292
Balance at 30 June	82,615	69,292
	<u>2018</u>	<u>2017</u>
	\$	\$
Current		
(a) Aggregate employee benefits liability:		
Provision for annual leave	69,385	56,466
Provision for long service leave	9,770	8,262
	79,155	64,728
Non Current		
(b) Aggregate employee benefits liability:		
Provision for annual leave	-	-
Provision for long service leave	3,460	4,564
	3,460	4,564

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

NOTE 17: Key management personnel disclosures

The following persons were Key Management Personnel (Chief Executive Officer, Chief Financial Officer, Products Manager, Marketing Manager, Membership Manager, Events Manager and State Managers) of the company during the financial year:

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
Aggregate compensation	<u>1,129,219</u>	<u>783,645</u>

NOTE 18: Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 17. No remuneration has been paid or is payable to directors.

Transaction with related parties

Directors and key management personnel received reimbursement of expenses as incurred during the year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

During the year FBA incorporated Family Business NZ in New Zealand and incurred some costs in registering Trade Marks. These costs will be charged to Family Business NZ once it starts operating.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

<u>NOTE 19: Financial Risk Management</u>	<u>Note</u>	2018	2017
		\$	\$
Financial assets			
Cash and cash equivalents	7	1,300,613	687,010
Loans and receivables	8	433,602	368,121
Held-to-maturity investments	10a	274,543	267,597
		<u>2,008,758</u>	<u>1,322,728</u>
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	14	383,675	193,900
		<u>383,675</u>	<u>193,900</u>

The Company's financial instruments consist mainly of deposits and term deposits with banks, accounts receivable and payable.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies of these financial statements is above.

Net Fair Values

- (i) Fair values of held-to-maturity investments are based on quoted prices at the ending of the reporting period.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 20: Cash Flow Information</u>		
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash on hand and at Bank (See Note 7)	<u>1,300,613</u>	<u>687,010</u>
(b) Reconciliation of cash flows from operations with surplus/(deficit) after income tax:		
(Deficit)/Surplus after income tax	(29,036)	85,862
Non-cash flows:		
Amortisation	10,165	8,585
Depreciation	7,281	5,206
Changes in assets and liabilities:		
(Increase)/decrease in stock	4,299	2,918
(Increase)/decrease in trade receivables and other receivables	(65,485)	(85,789)
Increase/(decrease) in trade and other payables	189,775	10,489
(Decrease)/increase in other current liabilities	543,780	(34,023)
Increase/(decrease) in provisions	13,323	15,379
Net Cash (Outflows)/Inflows from Operating Activities	<u>674,102</u>	<u>8,625</u>

NOTE 21: Capital and Leasing Commitments

Operating lease commitments - Premises

Non-cancellable operating leases contracted for but not Capitalised in the financial statements:

Payable		
- no longer than one year	70,315	67,610
- longer than one year but no longer than two years	99,613	95,781
	<u>169,923</u>	<u>163,391</u>

The Company leases an office under a non-cancellable operating lease which expires on 1st December, 2020.

NOTE 22: Events Subsequent to Balance Sheet Date

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

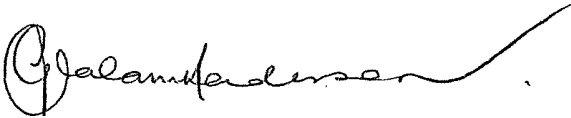
FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS' DECLARATION

The Directors of Family Business Australia Limited declare that:

- (a) the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes as set out on pages 9-28, are in accordance with the *Corporations Act 2001*; and
- i. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - ii. give a true and fair view of the company's financial position as at 30th June 2018 and of its performance for the year ended on that date.
- (b) 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 and is signed for and on behalf of the Board of Directors by:



Graham Henderson
Director

Dated: 17 August 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAMILY BUSINESS AUSTRALIA LIMITED

Report on the Financial Report*Opinion*

We have audited the accompanying financial report of Family Business Australia Limited (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of Family Business Australia Limited is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) 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 *Australian Charities and Not-for-profits Commission Act 2012*, 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.

Directors' Responsibility 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 – Reduced Disclosure Requirements 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 Company's ability 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 Responsibility

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional *skepticism* throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Matthew Hung, CA
rdl.accountants

3 September 2018
Blackburn, Victoria