

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE, 2010

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

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FAMILY BUSINESS AUSTRALIA LIMITED
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DIRECTORS REPORT

FOR THE YEAR ENDED 30TH JUNE, 2010

Your directors present their report on the entity for the financial year ended 30th June, 2010.

Directors

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

G SIMONS	Resigned 10/11/09
A HAIGH	Resigned 10/11/09
D HAYMES	
A LEVINGE	Resigned 01/03/10
K AUGHEY	Appointed 10/11/09
M BURGESS	
J KIRBY	Appointed 10/11/09
A KENNARD	
K MOORES	
R OWENS	
S SAMSON	
M STILLWELL	
P TAYLOR	
J TAYLOR	Appointed 01/03/10
D TOMPSON	
C WILLSON	

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 the Company during the financial year was to provide business services to family owned businesses and their professional advisors through education, networking events and conferences.

Short term objectives

The entity's short term objectives are to:

- Double membership in next five years
- Increase turnover to \$3m and to have \$200,000 in reserve by 2014
- Confirm FBA as the peak body for families in business

Long term objectives

The entity's long term objectives are to:

- Be the peak body for families in business
- Be sustainable independent of sponsors
- Grow the membership by 15% per annum

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DIRECTORS REPORT (cont'd)

Strategies

To achieve these objectives, the entity has adopted the following strategies:

Conduct a national member referral drive

- Develop a marketing package
- Ongoing benefits to members for referrals
- Recognition for referrers

Further develop database

- Capture further member information
- Relevant offering to all sectors

Form alliances with regional partners

- Regional providers eg Bayer Crop Science
- Regional Development Boards
- WA example – pilot scheme
- Industry groups
- Business organizations
- Rotary, Round Table, etc
- Redesign of all company literature
- Forum group marketing
- DL size membership packs
- Expo stands
- Get the “Member of FBA” logo onto all members corporate material
- Develop membership strategy; from ‘suspect’ to ‘prospect’ to member and define rating scheme for prospects

Develop marketing strategy aimed at Gens X & Y

- Ask WAAM to assist with social networking
- Pursue SA model of Round Table in all states
- Engage with organisations for young people eg YPO

Develop Forums

- Radio interviews with forum members
- Talk back radio with adviser
- Testimonials in Generations from members
- Call for oldest family businesses – good media opportunity

Retain members

Increase member participation to 75% - at least one activity per annum, through accurate records of attendance and targeting of non-players

Increase member participation to 75% - at least one activity per annum, through accurate records of attendance and targeting of non-players

Target according to segmentation

- Call from Chairman or Committee member to new members
- Round table with Chairman for unengaged members

Buddy system with new members at the point of joining and at their first event

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DIRECTORS REPORT (cont'd)

Finance target:

Achieve an annual income budget of \$3m with 1% of revenue annually into a reserve fund so as to have \$200,000 in reserves within five years.

Continue to develop forum program as key offering and income stream

- Increase forum fee and reach parity in all states
- Continue to develop procedures and protocols for all forums
- Maintain regular meeting of all facilitators
- Market meeting of all facilitators
- Market forums

Continue to align with sponsors who share FBA's values and objectives

- Develop relationships with state representative of national sponsors – act local
- Build local website with links to sponsors in each locality

Ascertain market price and raise membership fee

Confirm Family Business Australia as the peak body for families in business

Grow profile of chairman through use of National Chairman and CEO as the only spokespeople for the organisation. All media interviews to be channelled through national office.

Research and Education

Develop educational for both family business owners and advisers
Director's Course, Leadership Course & other Family Business Best Practice areas under the AGES framework.
Grow and maintain Adviser accreditation program.

Website as a marketing tool, members' resource centre

- templates
- examples

Carry articles, case studies, lessons tips on studies, lessons tips on development of FBBP.

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DIRECTORS REPORT (cont'd)

Directors Qualifications, Experience and Board Meetings Attended.

The number of meetings of Company directors, held during the year ended 30th June, 2010 was 4.

Name	Experience/Directorships	Responsibilities	Meetings Attended
D H Haymes	Director of Haymes Paint	Non Executive Director	4
Prof K Moores AM B Bus., B. Econ., MSoc Sc. Ph.D., FCPA, FCA	Director of Bond University Foundation Ltd., Chairman National Park Pty. Ltd., Somerset College Ltd., Somerset College Foundation Ltd.	Non Executive Director	3
D. Tompson	Director Novaris Group	Non Executive Director	3
S. Samson	Director Sadleirs Transport	Non Executive Director	4
M Burgess	Director of Urban Contractors, Tulips Cafe and Coffee Pty Ltd, Stonehenge Pty Ltd, Maybourne Pty Ltd	Non Executive Director	3
A J E Haigh	Director of: A.E.Haigh Pty Ltd, Haighs Pty Ltd, Haigh Manufacturing Pty Ltd, Balcrest Properties Pty Ltd, Copping Nominees Pty Ltd, A.J.E.Haigh Nominees Pty Ltd, J.D.Haigh Nominees Pty Ltd, Balcrest Holdings Pty Ltd	Non Executive Director	1
A Levinge	Director of various Dennis Family companies	Non Executive Director	2
G Simons B.Bus. FCPA	Director Nulon Products	Non Executive Director	1
M Stillwell	Director of BS Stillwell Group Plus various other companies	Non Executive Director	3
P L Taylor	Director of T & T Corporation & Galaxy Shopfitting Pty Ltd	Non Executive Director	3
A Kennard	Director of Keneco Pty Ltd and Kennards Hire Pty Ltd	Non Executive Director	4
R Owens OAM	Chairman of ROI Pty Ltd and Ice Box Pty Ltd	Non Executive Director Chairman	4
C Willson	Director of Bremerton Vintners Pty Ltd, Langhorne Creek Water Co Pty Ltd & Creeks Pipeline Co Ltd	Non Executive Director	3
K Aughey	Director of Ashington Investment Pty Ltd. Plus various other directorships	Non Executive Director	3
Justin Taylor	Director of Calliope Glen Developments Pty Ltd. Calliope Property Developments Pty Ltd. T & T Corporation Pty Ltd	Non Executive Director	2
James Kirby	Director of Pildra Properties and Hungerfordhill Wines	Non Executive Director	3

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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 2010 the collective liability of the members was \$3,326 (2009 \$3,166)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 7 of the directors report.

Signed in accordance with a resolution of the board of directors.

For and on behalf of the board.



Michael Stillwell

Director

Date: 20.10.2010

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 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.

Renshaw Dawson Lang
Chartered Accountants



Rob Hurrell, FCA
60-64 Railway Road
Blackburn, Victoria

21 October 2010



**RENSHAW
DAWSON
LANG**

**C h a r t e r e d
A c c o u n t a n t s**

60-64 Railway Rd, Blackburn
Telephone: (03) 9878 1477
Facsimile: (03) 9894 1798
P.O. Box 189, Blackburn, 3130.
Renshaw Dawson Lang
Pty Ltd ACN 006 634 028
ABN 84 164 947 290

Incorporating the practice of
**Kimberly Smith
P a r t n e r s**

DIRECTORS:
Robert J. Hurrell FCA
Fraser W. Holt CA
Joel L. Hernandez CA
Anthony J. Dunstan CA

CONSULTANTS:
Max K. Dawson CA
Robert J. Lang CA
William F. Renshaw FCA

FAMILY BUSINESS AUSTRALIA LIMITED

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010**

	<u>NOTE</u>	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
Revenue from Continuing Operations	2	2,039,440	1,847,802
Cost of Functions and Events		(864,237)	(838,726)
Gross Surplus		1,175,203	1,009,076
Amortisation expense	3	(8,096)	(9,867)
Depreciation expense	3	(8,956)	(17,135)
Finance costs	3	(1,595)	(1,790)
Employee benefits expense		(744,973)	(715,846)
Accounting and Audit		(61,323)	(49,971)
Advertising		(4,811)	(571)
Printing, postage and stationery		(33,834)	(21,336)
Telephone		(23,975)	(26,567)
Travel		(51,385)	(57,303)
Marketing		(34,095)	(16,608)
Rent	3	(34,315)	(33,392)
Education		(3,872)	(710)
Other expenses		<u>(53,641)</u>	<u>(57,440)</u>
(Deficit)/Surplus before income tax	3	110,332	540
Income tax	5	<u>-</u>	<u>-</u>
(Deficit)/Surplus after related income tax attributable to members of the Company		<u>110,332</u>	<u>540</u>

FAMILY BUSINESS AUSTRALIA LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2010

	<u>NOTE</u>	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
CURRENT ASSETS			
Cash and Cash Equivalents	7	658,055	337,510
Trade and Other Receivables	8	<u>260,907</u>	<u>212,976</u>
TOTAL CURRENT ASSETS		<u>918,962</u>	<u>550,486</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	9	18,087	20,397
Intangible Assets	10	<u>16,438</u>	<u>24,534</u>
TOTAL NON CURRENT ASSETS		<u>34,525</u>	<u>44,931</u>
TOTAL ASSETS		<u>953,487</u>	<u>595,417</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	119,329	120,724
Other Current Liabilities	12	582,853	341,185
Provisions	13	<u>8,522</u>	<u>7,566</u>
TOTAL CURRENT LIABILITIES		<u>710,704</u>	<u>469,475</u>
NON CURRENT LIABILITIES			
Provisions	13	<u>78,629</u>	<u>72,120</u>
TOTAL NON CURRENT LIABILITIES		<u>78,629</u>	<u>72,120</u>
TOTAL LIABILITIES		<u>789,333</u>	<u>541,595</u>
NET ASSETS		<u>164,154</u>	<u>53,822</u>
EQUITY			
Accumulated surplus		<u>164,154</u>	<u>53,822</u>
TOTAL EQUITY		<u>164,154</u>	<u>53,822</u>

FAMILY BUSINESS AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2010

	<u>NOTE</u>	<u>2010</u> \$	<u>2009</u> \$
Total equity at the beginning of the financial year		53,822	53,282
Total recognised gains and losses for the financial year:			
(Deficit)/Surplus for the year		<u>110,332</u>	<u>540</u>
Total equity at the end of the financial year		<u><u>164,154</u></u>	<u><u>53,822</u></u>

FAMILY BUSINESS AUSTRALIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

	<u>NOTE</u>	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
Cash Flows from Operating Activities			
Receipts from customers		2,825,224	2,084,179
Interest received		9,595	15,771
Payments to suppliers and employees		(2,506,032)	(2,133,863)
Finance costs		(1,595)	(1,790)
Net Cash (Outflows)/Inflows from Operating Activities	16	<u>327,192</u>	<u>(35,703)</u>
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		-	-
Payments for property, plant and equipment		(6,647)	-
Payments for intangibles		-	(6,000)
Net Cash Outflows from Investing Activities		<u>(6647)</u>	<u>(6,000)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		320,545	(41,703)
Cash and cash equivalents at the beginning of the financial year		<u>337,510</u>	<u>379,213</u>
Cash and Cash Equivalents at the End of the Financial Year	16	<u>658,055</u>	<u>337,510</u>

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 to which they apply. 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 these financial statements 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.

(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
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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 cash flow statement 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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 method, 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 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
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(n) Critical judgements and significant accounting estimates

The preparation of financial statements requires the directors of the company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

All significant judgements, estimates and assumptions made during the year have been considered for significance. No significant critical judgements or accounting estimates have been made during the period.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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

(o) New Accounting Standards and Interpretations

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Family Business Australia Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(p) Going Concern

With an increase in Net Assets in the year of \$110,332 (2009: surplus of \$540) 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 2: Revenue</u>		
Continuing Operations:		
Sponsorship	210,470	218,284
Functions/Events	1,364,846	1,228,998
Membership Fees	454,529	384,749
Interest Received	9,595	15,771
Total Revenue	<u>2,039,440</u>	<u>1,847,802</u>

NOTE 3: (Deficit)/Surplus for the year

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

(a) Expenses:

Amortisation of intangibles	<u>8,096</u>	<u>9,867</u>
Depreciation		
Office Equipment	4,205	4,710
Computer Equipment	4,751	5,010
Leasehold Improvements	-	7,415
	<u>8,956</u>	<u>17,135</u>
Rental expense relating to operating leases		
Rental Expense	<u>34,315</u>	<u>33,392</u>
Finance Costs		
Bank Charges	<u>1,595</u>	<u>1,790</u>
Defined Contribution Superannuation Expense	<u>57,603</u>	<u>56,250</u>

NOTE 4: Remuneration of Auditor

Remuneration of the Auditor of the Company for:		
Audit of the financial report	6,375	10,000
Assistance with preparation of financial report	-	2,650
	<u>6,375</u>	<u>12,650</u>

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 7: Cash and Cash Equivalents</u>		
Cash at bank and on hand	537,268	220,988
Deposit at call	<u>120,787</u>	<u>116,522</u>
	<u>658,055</u>	<u>337,510</u>

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. In 2010 the average floating interest rates for the company was 3.75% (2009: 4.65%).

NOTE 8: Trade and Other Receivables

Trade receivables	137,376	76,021
Provision for impairment	(4,275)	(4,275)
Other receivables and prepayments	127,806	140,500
GST Receiveable	<u>-</u>	<u>730</u>
	<u>260,907</u>	<u>212,976</u>

The trade and other receivables are non-interest bearing.

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

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

Ageing and Impairment Losses

The ageing of trade receivables for the company at the reporting date was:

	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
	\$	\$	\$	\$
Not past due	50,547	-	28,940	-
Past due 0 – 30 days	4,489	-	15,602	-
Past due 31 – 60 days	1,375	-	6,160	-
Over 60 days	80,965	(4275)	25,319	(4,275)
	<u>137,376</u>	<u>(4275)</u>	<u>76,021</u>	<u>(4,275)</u>

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

	<u>2010</u>	<u>2009</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.

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, 2010

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 9: Property, Plant and Equipment</u>		
(a) Plant & Equipment comprises:		
Office equipment – at cost	24,497	24,497
Less: accumulated depreciation	(17,981)	(13,776)
	<u>6,516</u>	<u>10,721</u>
Computer equipment – at cost	48,915	42,268
Less: accumulated depreciation	(37,344)	(32,592)
	<u>11,571</u>	<u>9,676</u>
Leasehold Improvements – at cost	-	18,668
Less: accumulated depreciation	-	(18,668)
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>18,087</u>	<u>20,397</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 and the year ended 30 June 2008.

2009

	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Total \$
Carrying amount at start of year	15,430	14,686	7,415	37,531
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(4,609)	(5,010)	(7,415)	(17,134)
Carrying amount at end of year	<u>10,721</u>	<u>9,676</u>	<u>-</u>	<u>20,397</u>

2010

	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Total \$
Carrying amount at start of year	10,721	9,676	-	20,397
Additions	-	6,647	-	6,647
Disposals	-	-	-	-
Depreciation expense	(4,205)	(4,752)	-	(8,957)
Carrying amount at end of year	<u>6,516</u>	<u>11,571</u>	<u>-</u>	<u>18,087</u>

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
<u>NOTE 10: Intangible Assets</u>		
Computer software – at cost	48,203	48,203
Less: accumulated amortisation	<u>(31,765)</u>	<u>(23,669)</u>
	<u>16,438</u>	<u>24,534</u>

Movements in carrying amounts:

Movement in the carrying amounts between the beginning and the end of the current financial year and the year ended 30 June 2010.

2009

	\$
Carrying amount at start of year	28,401
Additions	6,000
Amortisation expense	<u>(9,867)</u>
Carrying amount at end of year	<u>24,534</u>

2010

	\$
Carrying amount at start of year	24,534
Additions	-
Amortisation expense	<u>(8,096)</u>
Carrying amount at end of year	<u>16,438</u>

	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
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NOTE 11: Trade and Other Payables

Unsecured liabilities:		
Trade creditors	63,728	76,495
GST Payable	18,121	-
Other payables and accruals	<u>37,480</u>	<u>44,229</u>
Total Trade and Other Payables	<u>119,329</u>	<u>120,724</u>

NOTE 12: Other Current Liabilities

Deferred revenue	<u>582,853</u>	<u>341,185</u>
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FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

	<u>2010</u> \$	<u>2009</u> \$
<u>NOTE 13: Provisions</u>		
Current		
(a) Aggregate employee benefits liability:		
Provision for annual leave	<u>8,522</u>	<u>7,566</u>
Non Current		
(b) Aggregate employee benefits liability:		
Long Service Leave	<u>78,629</u>	<u>72,120</u>

NOTE 14: Related Party Information

Key Management Personnel Disclosure

(a) Key Management Personnel

The following persons were Key Management Personnel of the company during the financial year:

(i) Non-Executive Directors

R. Owens	(Chairman)
A. Kennard	
D Haymes	
D Thompson	
M. Burgess	
K Moores	
M Stillwell	
P Taylor	
S Samson	
C Willson	
G Simons	(Resigned 10 November 2009)
A Haigh	(Resigned 10 November 2009)
A Levinge	(Resigned 01 March 2010)
K Aughey	(Appointed 10 November 2009)
J Kirby	(Appointed 10 November 2009)
J Taylor	(Appointed 01 March 2010)

(ii) Other key management personnel

Philippa Taylor - Company Secretary and Chief Executive Officer

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

NOTE 14: Related Party Information (cont'd)

	<u>2010</u>	<u>2009</u>
	\$	\$
(b) Key Management Personnel Compensation		
Wages and Salaries	96,000	94,890
Annual Leave	12,495	9,150
Long-term Benefits	16,346	13,629
Superannuation	8,640	8,540
Total Key Management Personnel Compensation	<u>133,481</u>	<u>126,209</u>

Other than to the company secretary and Chief Executive Officer, no remuneration has been paid or is payable to any Key Management Personnel.

Key Management Personnel received reimbursement of expenses as incurred during the year.

There were no other related party transactions.

NOTE 15: Financial Risk Management

The company's activities expose it primarily to the financial risks of liquidity, credit risk and changes in interest rates. The company's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on the financial performance of the company. The board of directors are responsible for monitoring and managing the financial risks of the company. They monitor these risks through board meetings where monthly management accounts are presented and analysed in terms of the company's documented risk management policies. Any changes identified are communicated to the finance team who implement the changes.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The financial controller monitors the cash position of the company on a weekly basis.

The company has financial liabilities of \$119,239 (2009: \$120,724) which are the same as the carrying amounts and are all contractually due within 3 months.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

NOTE 15: Financial Risk Management (cont'd)

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company has exposure to credit risk through its receivables, investments in fixed interest securities and deposits with banks. Credit risk for the company is \$137,376 (2009: \$76,021) arising from total receivables and \$658,055 (2009: \$337,510) arising from cash and deposits with banks.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by management.

The maximum exposure to credit risk for the company is the gross amount of all receivables.

For deposits with banks only independently rated financial institutions with a minimum rating of 'A' are used.

Interest Rate Risk

The company's interest rate risk arises from cash at bank and deposits, which are at floating rates. All financial assets at floating rates expose the company to cash flow interest rate risk.

All current receivables are non-interest bearing.

Foreign currency risk

The company is not exposed to foreign currency risk arising on sales and purchases as none are denominated in a currency other than the Australian dollar functional currency.

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

NOTE 15: Financial Risk Management (cont'd)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) surplus/deficit and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Surplus/Deficit		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 June 2010:				
Surplus change:				
Cash and cash equivalents at variable rates	6,581	(6,581)	6,581	(6,581)
Cash flow sensitivity (net)	6,581	(6,581)	6,581	(6,581)
30 June 2010:				
Deficit change:				
Cash and cash equivalents at variable rates	(3,375)	3,375	(3,375)	3,375
Cash flow sensitivity (net)	(3,375)	3,375	(3,375)	3,375

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, 2010

	<u>2010</u> \$	<u>2009</u> \$
<u>NOTE 16: 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><u>658,055</u></u>	<u><u>337,510</u></u>
(b) Reconciliation of cash flows from operations with surplus/(deficit) after income tax:		
(Deficit)/Surplus after income tax	110,332	540
Non-cash flows:		
Amortisation	8,096	9,867
Depreciation	8,956	17,135
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables and other receivables	(47,930)	35,501
Increase/ (decrease) in trade and other payables	(1,395)	(20,638)
(Decrease)/ increase in other current liabilities	241,668	(81,518)
Increase in provisions	<u><u>7,465</u></u>	<u><u>3,410</u></u>
Net Cash (Outflows)/Inflows from Operating Activities	<u><u>327,192</u></u>	<u><u>(35,703)</u></u>

(c) Credit Stand-by Arrangements and Loan Facilities

At reporting date the company had \$Nil confirmed line of credit (2009: \$Nil)

NOTE 17: Capital and Leasing Commitments

Operating lease commitments - Premises

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

Payable		
- not longer than one year	46,355	30,700
- longer than one year but no longer than two years	<u><u>57,180</u></u>	<u><u>13,000</u></u>
	<u><u>103,535</u></u>	<u><u>43,700</u></u>

The company leases an office under a non-cancellable operating lease which expires on 30 November 2010.

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2010

NOTE 18: Company Details

The principal place of business and the registered office of the company are as follows:

Level 1
450 St. Kilda Road
Melbourne VIC 3004.

NOTE 19: 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 8-28, 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 2010 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:



Michael Stillwell
Director

Dated: 20 October, 2010

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

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Family Business Australia Ltd (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



**RENSHAW
DAWSON
LANG**

**Chartered
Accountants**

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Facsimile: (03) 9894 1798
P.O. Box 189, Blackburn, 3130.
Renshaw Dawson Lang
Pty Ltd ACN 006 634 028
ABN 84 164 947 290

Incorporating the practice of
**Kimberly Smith
Partners**

DIRECTORS:
Robert J. Hurrell FCA
Fraser W. Holt CA
Joel L. Hernandez CA
Anthony J. Dunstan CA

CONSULTANTS:
Max K. Dawson CA
Robert J. Lang CA
William F. Renshaw FCA

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Family Business Australia Limited on 21st October, 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis of Qualification

Revenues from membership, donations, subscriptions, sponsorship and other fund raising activities are significant sources of revenues for Family Business Australia Limited. As is common for organisations of this type, Family Business Australia Limited has determined that it is impracticable to establish controls over the collection of its revenues from membership, donations, subscriptions, sponsorship and other fund raising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenues from these sources was limited, our audit procedures with respect to revenues from membership, donations, subscriptions, sponsorship and other fund raising activities had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether revenues from membership, donations, subscriptions, sponsorship and other fund raising activities is complete.

Qualified Auditor's Opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report of Family Business Australia Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30th June 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Renshaw Dawson Lang
Chartered Accountants

60-64 Railway Road
Blackburn, Victoria

21st October, 2010



Rob Hurrell, FCA