

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE, 2017

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, 2017

Your directors present their report on the entity for the financial year ended 30th June, 2017.

Directors

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

M. KAGAN	Appointed 15/05/17
A BEARD	Resigned 15/02/17
J MANFORD	Resigned 15/02/17
L STRINGER	
J THOMAS	
A CILIBERTO	Resigned 15/10/16
S SAMSON	Resigned 15/02/17
R PANTALEO	Appointed 15/02/17
D ROBERTSON	Appointed 15/02/17
G HENDERSON	
R SHAW	
D REED	
A HAIGH (Alternate for D Reed)	
G WYMOND (Alternate for S Pantaleo)	Appointed 22/02/17
J O'REILLY (Alternate for R Shaw)	Appointed 22/02/17
R SHARPE (Alternate for D Robertson)	Appointed 22/02/17

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 2017 Performance

The result for the financial year ending 30th June 2017 was a surplus of \$85,862 (2016 surplus \$86,070). Changes in the National Office included the appointment of a new CEO in October 2016, a review of the business strategies and changes made to revert back to a common renewal date for memberships of 1st July each year has seen an overall increase in membership numbers, however a decline in membership income in the current year as a result of pro-rating of membership into the FY18. Additional resources were employed in the membership and conference /events sectors of the business to ensure the organisation is prepared for budgeted growth in the next financial year.

Education course attendances during the year were on budget, forum group numbers did increase but were unfavourable to budget, however we are aiming for a 33% growth in this area next year alone coupled with a net 20% increase in membership numbers.

National conference continues to be supported well by members, our state conferences had mixed results, with NSW leading the way with a lightening program that had members leaving wanting more.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS REPORT (cont'd)
FOR THE YEAR ENDED 30TH JUNE, 2017

Short term objectives

- Be the peak body for families in business in Australia
- Increase Memberships to 2200, or more, by June 2018 (budgeted retention rate 87.5%)
- Increase Forum memberships to 320 or more by June 2018
- Aim to increase total revenue to \$3.5m during FY 2018 and to have above \$450,000 in reserve by 30/6/2018

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 the Australian capital cities and large regional centres
- Members: 5000 by 2020 with a retention rate maintained at around 87.5%
- Total revenue: \$6.0 million by 2020

Overall strategic thrust

To work strategically with all Family Business stakeholders to lead the delivery of unique and innovative services, creating professional pathways and connecting the family business community.

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS REPORT (cont'd)

Overall Strategies

1. **Grow** our membership and maintain an 87.5% retention rate
2. **Focused 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 2017

The number of meetings of Company directors, held during the year ended 30th June, 2017 was 4.

Name	Experience/Directorships	Responsibilities	Meetings Attended
J Thomas	Visiting Research Fellow University of Adelaide Business School	Non Executive Director	2/4
G Henderson	Director of Mitchell Laminates Pty Ltd, Mitchell Plastics Pty Ltd, plus various other family business directorships	Non Executive Director	3/4
A Beard	Director of A H Beard Pty Ltd., A H Beard Holdings Ltd., A H Beard Ltd., Suparest Bedding Pty Ltd., A H Beard Advanced Sleep Products Pty Ltd., G&M Holdings Pty Ltd	Non Executive Director	1/4
S. Samson	Director Sadleirs Transport	Non Executive Director	3/4
J Manford	Director of Manford Records Management	Non Executive Director	2/4
R Sharpe (Alternate to D Robertson)	Director of Sharpe Bros (Aust) Pty Ltd., United Way Australia, Judo NSW	Non Executive Director	1/2
R Shaw	Director Hawkins Family Group	Non Executive Director	3/4
D Reed	Director of Resource Furniture	Non Executive Director	4/4
A Haigh (Alternate to D Reed)	Director of Haighs Group of Companies	Director	0/4
A Ciliberto	Director of C-Direct Pty Ltd	Director	0/0
R Pantaleo	Director of La Porchetta	Director	1/2
M Kagan	Director of Scapa Imports Pty Ltd	Non Executive Director	2/2
D Robertson	Director of Danielle Robertson Consulting Pty Ltd	Director	2/2
L Stringer	Director of Lawnswood Pty Ltd, Eastern Pets Pty Ltd & Cooko Pty Ltd	Director	4/4
G Wymond (Alternate to R Pantaleo)	Director of Eye Right Optical	Non Executive Director	0/4
J O'Reilly (Alternate to R Shaw)	Director of National Parks Pty Ltd	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 2017 the collective liability of the members was \$3,834 (2016 \$3,814)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 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.

Mark Kagan
Director
Date:

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, 2017

	<u>NOTE</u>	<u>2017</u> \$	<u>2016</u> \$
Revenue from Continuing Operations	2	2,525,976	2,474,258
Cost of Functions and Events		(792,467)	(768,175)
Gross Surplus		1,733,509	1,706,083
Amortisation expense	3	(8,585)	(10,812)
Depreciation expense	3	(5,206)	(7,574)
Finance costs	3	(2,023)	(3,040)
Employee benefits expense		(1,267,257)	(1,102,942)
Accounting and Audit		(11,090)	(121,943)
Advertising		(5,657)	(5,709)
Printing, postage and stationery		(24,796)	(33,132)
Bad Debts		-	(5,484)
Telephone		(24,861)	(25,197)
Travel		(60,034)	(51,020)
Marketing		(10,867)	(23,552)
Rent	3	(64,666)	(86,437)
Education		(11,630)	(5,742)
Other expenses		<u>(150,975)</u>	<u>(137,429)</u>
(Deficit)/Surplus before income tax		85,862	86,070
Income tax	5	-	-
(Deficit)/Surplus after related income tax attributable to members of the Company		<u>85,862</u>	<u>86,070</u>
Other Comprehensive (Deficit)/Surplus:		-	-
Total Comprehensive (Deficit)/Surplus for the year		<u>85,862</u>	<u>86,070</u>
Total Comprehensive (Deficit)/Surplus attributed to members of the Company		<u>85,862</u>	<u>86,070</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2017

	<u>NOTE</u>	<u>2017</u> \$	<u>2016</u> \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	687,010	740,323
Trade and Other Receivables	8	368,121	282,332
Inventories	9	4,299	7,217
Financial Assets	10	267,597	233,874
TOTAL CURRENT ASSETS		1,327,027	1,263,746
NON CURRENT ASSETS			
Property, Plant and Equipment	11	21,289	15,033
Intangible Assets	12	33,924	25,754
TOTAL NON CURRENT ASSETS		55,213	40,787
TOTAL ASSETS		1,382,240	1,304,533
CURRENT LIABILITIES			
Trade and Other Payables	13	193,900	183,411
Other Current Liabilities	14	784,488	818,511
Provisions	15(a)	64,728	49,040
TOTAL CURRENT LIABILITIES		1,043,116	1,050,962
NON CURRENT LIABILITIES			
Provisions	15(b)	4,564	4,873
TOTAL NON CURRENT LIABILITIES		4,564	4,873
TOTAL LIABILITIES		1,047,680	1,055,835
NET ASSETS		334,560	248,698
EQUITY			
Accumulated surplus		334,560	248,698
TOTAL EQUITY		334,560	248,698

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017

	<u>NOTE</u>	<u>2017</u> \$	<u>2016</u> \$
Total equity at the beginning of the financial year		248,698	162,628
Total recognised gains and losses for the financial year:			
Surplus for the year		85,862	86,070
Total equity at the end of the financial year		<u>334,560</u>	<u>248,698</u>

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017

	<u>NOTE</u>	<u>2017</u> \$	<u>2016</u> \$
Cash Flows from Operating Activities			
Receipts from customers		3,082,503	3,172,430
Interest received		12,300	14,672
Payments to suppliers and employees		(3,084,155)	(2,997,002)
Finance costs		(2,023)	(3,040)
Net Cash (Outflows)/Inflows from Operating Activities	19(b)	8,625	187,060
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		-	-
Payments for property, plant and equipment		(11,462)	(14,820)
Payments for intangibles – website development		(16,755)	-
Net Cash Outflows from Investing Activities		(28,217)	(14,820)
Cash Flows from Investing Activities			
Payments for additional financial assets		(33,721)	-
Net Cash Outflows from Investing Activities		(33,721)	-
Net (Decrease)/Increase in Cash and Cash Equivalents		(53,313)	172,240
Cash and cash equivalents at the beginning of the financial year		740,323	568,083
Cash and Cash Equivalents at the End of the Financial Year	19(a)	687,010	740,323

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, 2017

	<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: Trade and Other Payables	24
NOTE 14: Other Current Liabilities	24
NOTE 15: Provisions	25
NOTE 16: Key Management Personnel Disclosures	26
NOTE 17: Related Party Transactions	26
NOTE 18: Financial Risk Management	27
NOTE 19: Cash Flow Information	28
NOTE 20: Capital and Leasing Commitments	28
NOTE 21: 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, 2017

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, 2017

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, 2017

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 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, 2017

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 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.

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, 2017

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

(o) Going Concern

With an increase in Net Assets in the year of \$85,862 (2016: \$86,070) 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, amortised cost using the effective interest rate method 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. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (iv) less any reduction for impairment.

(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, 2017

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, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>NOTE 2: Revenue</u>		
Continuing Operations:		
Sponsorship	181,076	189,796
Functions/Events	1,835,239	1,650,034
Membership Fees	497,361	619,756
Interest Received	12,300	14,672
Total Revenue	<u><u>2,525,976</u></u>	<u><u>2,474,258</u></u>

NOTE 3: (Deficit)/Surplus for the year

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

(a) Expenses:

Amortisation of intangibles	<u><u>8,585</u></u>	<u><u>10,812</u></u>
Depreciation		
Office Equipment	3,435	2,032
Computer Equipment	1,771	3,919
Leasehold Improvements	-	1,623
	<u><u>5,206</u></u>	<u><u>7,574</u></u>
Rental expense relating to operating leases		
Rental Expense	<u><u>64,666</u></u>	<u><u>86,437</u></u>
Finance Costs		
Bank Charges	<u><u>2,023</u></u>	<u><u>3,040</u></u>
Defined Contribution Superannuation Expense	<u><u>101,936</u></u>	<u><u>90,319</u></u>

NOTE 4: Remuneration of Auditor

Remuneration of the Auditor of the Company for:

Audit of the financial report	9,800	9,350
Audit travel disbursements	90	179
Assistance with preparation of financial report	-	1,150
	<u><u>9,890</u></u>	<u><u>10,679</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, 2017

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>2017</u> \$	<u>2016</u> \$
<u>NOTE 7: Cash and Cash Equivalents</u>		
Cash at bank and on hand	469,285	507,923
Deposit at call	<u>217,725</u>	<u>232,400</u>
	<u>687,010</u>	<u>740,323</u>

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. In 2017 the average floating interest rates for the company was 2.4 % (2016: 2.35%).

NOTE 8: Trade and Other Receivables

	<u>2017</u> \$	<u>2016</u> \$
Trade receivables	246,333	165,322
Provision for impairment	(4,275)	(4,275)
Other receivables and prepayments	126,063	121,285
GST Receivable	<u>-</u>	<u>-</u>
	<u>368,121</u>	<u>282,332</u>

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, 2017

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>2017</u> \$	<u>2016</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>2017</u> \$	<u>2016</u> \$
At Cost: Inventory	<u>4,299</u>	<u>7,217</u>
	<u>4,299</u>	<u>7,217</u>

NOTE 10: Financial Assets

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Held-to maturity financial assets	10a	<u>267,597</u>	<u>233,874</u>
		<u>267,597</u>	<u>233,874</u>
a. Held-to-maturity Investments			
Fixed Bank Term Deposits		<u>267,597</u>	<u>233,874</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, 2017

	<u>2017</u> \$	<u>2016</u> \$
<u>NOTE 11: Property, Plant and Equipment</u>		
(a) Plant & Equipment comprises:		
Office equipment – at cost	50,691	44,514
Less: accumulated depreciation	(35,627)	(32,192)
	<u>15,064</u>	<u>12,322</u>
Computer equipment – at cost	94,327	89,042
Less: accumulated depreciation	(88,102)	(86,331)
	<u>6,225</u>	<u>2,711</u>
Leasehold Improvements – at cost	-	22,677
Less: accumulated depreciation	-	(22,677)
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>21,289</u></u>	<u><u>15,033</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.

	2017		
	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$
Carrying amount at start of year	12,322	2,711	-
Additions	6,177	5,285	-
Disposals	-	-	-
Depreciation expense	(3,435)	(1,771)	-
Carrying amount at end of year	<u>15,064</u>	<u>6,225</u>	<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, 2017

	<u>2017</u> \$	<u>2016</u> \$
<u>NOTE 12: Intangible Assets</u>		
Computer software – at cost	182,707	162,756
Less: accumulated amortisation	<u>(148,783)</u>	<u>(137,002)</u>
	<u><u>33,924</u></u>	<u><u>25,754</u></u>

Movements in carrying amounts:

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

	<u>2017</u> \$	<u>2016</u> \$
Carrying amount at start of year	25,754	36,566
Additions	16,755	-
Amortisation expense	<u>(8,585)</u>	<u>(10,812)</u>
Carrying amount at end of year	<u><u>33,924</u></u>	<u><u>25,754</u></u>

	<u>2017</u> \$	<u>2016</u> \$
<u>NOTE 13: Trade and Other Payables</u>		
Unsecured liabilities:		
Trade creditors	55,717	30,174
GST Payable	41,665	45,232
Other payables and accruals	<u>96,518</u>	<u>108,005</u>
Total Trade and Other Payables	<u><u>193,900</u></u>	<u><u>183,411</u></u>

NOTE 14: Other Current Liabilities

Deferred revenue	<u><u>784,488</u></u>	<u><u>818,511</u></u>
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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, 2017

	<u>2017</u> \$	<u>2016</u> \$
<u>NOTE 15: Provisions</u>		
Opening balance at 1 July 2016	53,913	65,871
Additional provisions raised during year	31,072	16,000
Amounts used	(15,693)	(27,958)
	<hr/>	<hr/>
Balance at 30 June 2017	<u>69,292</u>	<u>53,913</u>
	<u>2017</u> \$	<u>2016</u> \$
Current		
(a) Aggregate employee benefits liability:		
Provision for annual leave	56,466	42,151
Provision for long service leave	<u>8,262</u>	<u>6,889</u>
	<u>64,728</u>	<u>49,040</u>
Non Current		
(b) Aggregate employee benefits liability:		
Provision for annual leave	-	-
Provision for long service leave	<u>4,564</u>	<u>4,873</u>
	<u>4,564</u>	<u>4,873</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, 2017

NOTE 16: 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:

	2017	2016
	\$	\$
Aggregate compensation	<u>783,645</u>	<u>708,719</u>

NOTE 17: Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16. 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

There were no loans to or from related parties at the end of the current and previous reporting date.

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, 2017

NOTE 18: Financial Risk Management

	<u>Note</u>	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	7	687,010	740,323
Loans and receivables	8	368,121	282,332
Held-to-maturity investments	10a	267,597	233,874
		<u>1,322,728</u>	<u>1,256,529</u>
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	13	193,900	183,411
		<u>193,900</u>	<u>183,411</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, 2017

	<u>2017</u> \$	<u>2016</u> \$
<u>NOTE 19: 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>687,010</u>	<u>740,323</u>
(b) Reconciliation of cash flows from operations with surplus/(deficit) after income tax:		
(Deficit)/Surplus after income tax	85,862	86,070
Non-cash flows:		
Amortisation	8,585	10,812
Depreciation	5,206	7,574
Changes in assets and liabilities:		
(Increase)/decrease in stock	2,918	(2,623)
(Increase)/decrease in trade receivables and other receivables	(85,789)	111,276
Increase/(decrease) in trade and other payables	10,489	(39,309)
(Decrease)/increase in other current liabilities	(34,023)	25,218
Increase/(decrease) in provisions	<u>15,379</u>	<u>(11,958)</u>
Net Cash (Outflows)/Inflows from Operating Activities	<u>8,625</u>	<u>187,060</u>

NOTE 20: 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	67,610	58,410
- longer than one year but no longer than two years	<u>95,781</u>	<u>121,490</u>
	<u>163,391</u>	<u>179,900</u>

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

NOTE 21: 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 2017 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:

Mark Kagan
Director

Dated:

INDEPENDENT AUDITOR'S REPORT

To the members of Family Business Australia Limited

We have audited the accompanying financial report of Family Business Australia Limited, which comprises the balance sheet as at 30th June 2016 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, 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 controls 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 judgement, 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.

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*.

INDEPENDENT AUDITOR'S REPORT (cont'd)

Basis for 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 2016 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.

Chartered Accountants

Partner