

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

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FAMILY BUSINESS AUSTRALIA LIMITED
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CHAIRMAN'S REPORT

It is with great pleasure that I present my report on behalf of the National Board of Family Business Australia.

First off, I need to thank the wonderful teams that work so hard to make Family Business Australia the unique Not For Profit organisation that it is. To all the State committees and Managers, the wonderful representatives on the National Board and the staff at Head Office, led so ably by Greg Griffith our CEO.

All these people, consisting of volunteers and full time employees of FBA, have dedicated their time over and above the call of duty. It has certainly made my job as National Chairman much easier. Also, it has provided you, the members, with an amazing organisation consisting of relevant Education, excellent State and National Events allowing Networking and friendships to flourish, access to FBA Accredited Advisors, Forum Groups (or peer group round tables where you can discuss your business and personal issues in complete confidence knowing it remains in the room). Advocacy and access to Parliamentarians, (this is a new initiative together with our recently established Alliance partner COSBOA – Council of Small Business of Australia), expansion into New Zealand, and use of our very valuable Logo – Family Owned Australian Business. Soon we will have better access to do business with each other once the CRM is finalised and installed. Surely you would prefer to buy or trade with an Australian owned Family Business and fellow member of FBA.

Then there is the Family Business Conference - Asia Pacific, with a fabulous line up of speakers, educators and panels, entertainment and Networking, culminating in the Awards dinner where we recognize our State and National members.

This year we have formed an Alliance with The Fertilizer Group (177 members), the Self Storage Association of Australasia (800 members) and COSBOA which has 32 Association members who represent over 600,000 employees and Family Businesses. We hope to offer them our unique and family oriented educational courses. And we will work with COSBOA to assist us in the advocacy area that has not received the attention it deserves from us. As members of this unique organisation, I ask you to take advantage of our offerings, display FBA's 'A Family owned Australian Business' logo. They should be on your business cards, all your stationery, your office front door and on your products packaging. There is no doubt that people prefer to buy and work with Family Businesses.

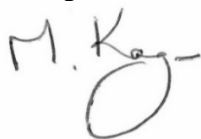
Are you aware of our educational courses? Family Business Directors course, Succession courses, Financial Essentials for Family Business and of course our world first Emerging Leaders course, to name a few. Are your children up to it? Do you Next Genners have concerns? Speak to those who have completed a course.

Do you understand the power of our Forum groups? The ability to speak openly and seek advice from non competing members who are sworn to secrecy. I have been a member of one for over 15 years and only wish I joined sooner. Our Accredited Advisors make up almost 12% our membership. They are experts in many fields pertinent to your business. They are here to assist you in any stage of your business.

Then there are the State Insights and the Annual Conference. This year is looking to be "the best yet". When you add the education, social events, networking and friendships made at these events it is no wonder it sells out each year. I am planning to attend more events and functions to meet those of you I do not already know. Please introduce yourself when you see me. And introduce yourself to our Committee members and staff. We are all happy to discuss any aspect with you.

I hope it is a great year for all of you both financially and health wise.

Kind regards



Mark Kagan
National Chairman
Family Business Australia

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CEO REPORT

FY19 has been a year of consolidation following on from the previous year of much change as the team at FBA continues to push forward in the delivery of outstanding services to our members.

The Year That Was

The start of the financial year saw FBA change its membership renewal process from anniversary date to financial year, which meant that all members and Forum Group participants received their invoices at the same time. This was no easy task and special mention must go to Emily Spalding (now the Victorian State Manager) for managing the changes to the CRM and in conjunction with our financial controller Jeff McLaren successfully implement the change process.

2018 National Conference

Our first major event for the year was our National Conference dubbed the 'Best' conference in FBA's history. Alice Springs provided a magnificent backdrop for this event, the three day program was filled with iconic, multi-generational businesses sharing their journeys and thought-provoking sessions on core elements for family business success. The evenings were reserved for social interaction and networking in locations that delivered a remarkable, one-of-a-kind cultural experience. Highlights included the Welcome Drinks at Simpson Gap, the Awards Dinner at the Telegraph Station, and the finale dinner at the Old Quarry, where local Indigenous artist Tommy Crow treated a captivated audience to a mesmerizing didgeridoo musical performance before creating his bespoke 'Sunset Dreaming' painting in real-time. The FBA 2018 National Conference captured the uniqueness of location, our indigenous heritage and truly brought to life our conference theme — **the competitive advantage of family.**

The Conference also provides FBA with an opportunity to recognise individuals for the contributions they have made, over a number of years, to Family Business Australia specifically and the family business movement in general. Congratulations to Andy Kennard (Kennard's Hire) and Alister Haigh (Haigh's Chocolates) who were awarded Life Memberships and to Garry Beard (A.H. Beard), Lowen Partridge (Peartree Brand Strategy) and Andrew Mostyn (Craig Mostyn Group) who were awarded the Chairman's Award. All of these individuals were recognised for their commitment to the principles of family business best practice and their strong leadership in the development of the organisation's objectives.

National Family Business Day

FBA also celebrated and recognised the achievements of family owned Australian businesses, and the special achievers who contribute positively to our lives, our culture and the future of the Australian economy via our NxG Achiever Award, awarded to Lisa Wymond (Eye Right Optical & Mod Style), the Entrepreneurship Award, awarded to Tim Clarkson (Chas Clarkson), the inaugural Advisor Award, awarded to Robert Powell (Grant Thornton) and FBA's Distinguished Family Business of the Year Award, awarded to Kyvalley Dairy Group (the Mulcahy Family) from Victoria.

National Family Business day held on the 19th of September, is a wonderful day for Family Businesses to celebrate with their family and colleagues the fact that they are a family business. Over 65 businesses demonstrated their 'familyness' by participating in and driving a social media campaign to show the family business having morning tea with all their staff and to win prizes for the most social media posts. Special mention to Paul and Chris Galvin from Galvin Engineering who really embraced the day and celebrated like no other.

National Family Business Day is also an opportunity to celebrate and recognise the achievements of Family Owned Australian Businesses via FBA State 'Hall of Fame'. The FBA Chapter Hall of Fame is a highly regarded peer commendation bestowed at a state level by Family Business Australia on some outstanding, local family businesses. Regardless of size of the business, this citation recognises the achievements of families that are managing respected and successful family businesses and pays homage to the significant role that they play in our community, society and economy. Induction into the FBA Hall of Fame is an honour that is highly esteemed within the family business sector and inductees are justly proud to be recognised for their achievements. Congratulations to ABBE Corrugated from Vic, Van Schaik's Bio Gro from SA, COS, Plasdene Glass Pak, Flower Power and Richard Crookes Construction from NSW, JWH Group and Kreepy Krauly from WA and the Darwalla Group from Qld.

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Education Programs

FBA's education program continues to be one of our key drivers in the value proposition to our members. Over 508 members attended different programs including FBA Directors Course, Succession, Finance, Family Business Essentials, Webinar's and our newest program, Emerging Leaders (held in Sydney) that assist family businesses achieve long term success. FBA training courses - such as professional development - aim to promote growth and success for family businesses in Australia.

Our Advisor community plays a pivotal role in guiding, assisting and supporting Family Business members achieve their desired outcomes around leadership, balancing family dynamics, professionalising the family business, succession planning and family governance structures (just to name a few). FBA in conjunction with the University of Adelaide offers Advisors a world class education program to ensure that as an FBA Accredited Adviser they are well equipped to assist families in business to harness their opportunities and deal with the challenges that they face. On top of our existing 150 Accredited and Specialist Accredited Advisors, over 30 Advisor members undertook the Accreditation pathway so they could equip themselves with the knowledge and skills they were seeking to enhance their practice in advising families in business.

Family Business New Zealand

The financial year also saw FBA successfully launched Family Business New Zealand (FBNZ). With over 30 families in attendance, the Dennis Jaffe masterclass proved beneficial with attendees gaining great knowledge and appreciation for the complexities of running a family business in a peer to peer format.

Family Business New Zealand aims to build a platform in New Zealand that brings together like-minded people from many different industries that have realised that all families deal with similar issues when they are in business, that want to share and solve family and business challenges as a part of a larger group.

A special thankyou to Richard Boyce (Boyce Family Office) and Iain Blakely (FBNZ Inaugural Chairman) who to spent many hours in assisting myself and team in the creation of FBNZ.

Partnerships

FY19 also saw FBA announce a number of new strategic partnerships including Australian Fertiliser Service Association and the Self-Storage Association of Australasia. The purpose of these relationships is to add value to the partnering association by offering co-branded FBA education programs and assets such as our Family Owned Australia Business Emblem. These partnerships – who predominantly have family businesses as members, will also expand the FBA brand presence as we aim to dramatically increase the family business sector's awareness of our existence.

Each state runs many individual programs for our members. These include Women in Family Business, the Insiders program (where families open their doors to other families) and the major state based event being the Family Business Insights which provides an opportunity to delve into the real life challenges and achievements of local and national family businesses. Over 615 members attended these Insights around the country and I would like to make special mention of the State Mangers, the FBA team and the State Committees for the huge amount of work that goes into the development and creation of these individual events and programs.

OPERATIONS

FBA membership continued to grow in FY19. On the back of the 9.4% net increase in FY18, FBA achieved a 10.61% net increase (compared to a budget increase of 15%) with 472 new members joining our Association, with total membership pushing above 2,300 for the first time. FBA also exceeded its member retention budget, with 88.05% representing 1823 members renewing their membership (compared to a retention budget of 87.5%).

Our Forum program continues to add value to 244 participants. Growth in this area was minimal with FBA both losing and gaining participants throughout the year.

FBA partnership program grew by 10% from the year prior with the introduction of Gallagher Australia and ANZ Private, however, we were unfavourable to budget by 14% due to the majority of revenue from one new partnership being taken up in FY20.

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FBA education platform is a key pillar in our value proposition to new & existing members, however with reduced numbers booking into the Emerging leaders program than budgeted, the overall net outcome was 31% down on the previous year.

FBA continues to represent the family business industry with representation on the ASIC Business Advisory Committee and the ATO Private Stewardship Group Secretariat. These bodies work with leading associations and Individuals of large enterprises to canvas current day issues to ensure the sectors are informed as to their activities and how it might impact their key stakeholders.

Acknowledgements

FBA works with a large number of stakeholders to whom we are indebted for their contribution and support.

I wish to acknowledge FBA Chairman Mark Kagan and his fellow board members for their dedication and willingness to provide clear advice and direction to management and staff. It is valued and appreciated.

I would also like to make special mention of Graham Henderson who at years end will be stepping down from the Board after serving our members for the past 7 years. Graham has played a pivotal role to steering FBA forward and overseeing the financial management of this business. For me personally, Graham has been a great support and someone I could turn to for help and advice.

To our State Committee members who on a consistent basis have chosen to give up their own time to support an activity to benefit our members and our State Managers,

To the Council of Wisdom, which is chaired by Steve Samson, I want to thank you for the time and commitment you have made to FBA, your guidance, views and recommendations are welcomed and very much appreciated.

To KPMG who is our Platinum Partner and led by Bill Noye and Dominic Pelligana. Thank you for your ongoing support and commitment to FBA, the whole team at KPMG brings tremendous value to our members and with the relationship now entering 15 years, the bond is very strong.

To EWM Group led by Brad Scott, thank you for the value you are bringing to so many of our members. I would also like to thank Gallagher Australia and our most recent National Partner ANZ Private for their commitment to FBA as a whole.

To my operational team, I thank you for your dedication and commitment to consistently delivering on our objectives and dealing with the many challenges placed before you along the way. I would also like to make special mention of Jeff McLaren, who after 15 years as FBA Financial controller, is stepping away to pursue new opportunities.

And of course our members who are the backbone of the business and the reason why FBA does what it does. I wish you every success in the years ahead.

Greg Griffith



CEO
Family Business Australia

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AUDIT, FINANCE & RISK REPORT

FY2019 has, financially, been a very challenging year for Family Business Australia.

Despite much hard work undertaken during the year by our team, most of our major revenue streams were below levels recorded last year.

Significant cost savings measures were put in place by the CEO and his team during the year so that operational expenses of the organisation were favourable to last year.

The Net Surplus recorded for the year of \$5,105 was well ahead of the Net Deficit of \$29,036 recorded in FY2018.

The Board and Management of Family Business Australia need to constantly explore opportunities for increasing/maximising our revenue base as we aim to provide our growing membership with an acceptable, “value for money” proposition. We are good at controlling expenses, but there is a limit to the extent of our cost cutting in order to record annual surpluses. There is a critical need to invest into our organisation so that we can grow the levels of our membership and meet the ever increasing needs of our members. This can only be achieved by significantly increasing our revenue base.

As we move into FY2020 and beyond, it is vitally important that we continue to record annual surpluses (not deficits). We need to build our reserves (Net Assets) to a strong level where we are able to protect our organisation from periods when adverse economic conditions and diminished levels of outside financial support may prevail.

My thanks to Jeff McLaren, our Financial Controller, Greg Griffith, our CEO and his team and also, the Board of Family Business Australia for supporting me in my role during the year.

Graham Henderson



Chair Audit, Finance & Risk
Family Business Australia

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DIRECTORS REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

Your Directors present their report on the entity for the financial year ended 30th June 2019.

Directors

The names of each person who has been a Director during the year ending 30th June 2019:

M KAGAN
L STRINGER
J THOMAS
R PANTALEO
D ROBERTSON
G HENDERSON
G WYMOND (Alternate for S Pantaleo)
J O'REILLY
M MERCURI
Z DETMOLD (Alternate for M Mercuri)
C VELLA (Alternate for D Robertson)

Directors have been in office since the start of the financial year to the date ending 30th June 2019.

PRINCIPLE ACTIVITY

The principle 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.

SHORT TERM OBJECTIVES

- Represent the family business sector and allow family businesses to leverage their competitive advantage;
- Increase membership to 2,471 (a 7% net increase) by 30th June 2020 (budgeted retention rate of 87.5%);
- Increase forum participation by 10%;
- Introduce a new CRM system to dramatically improve the member/non-member engagement journey;
- Conduct a new Strategy document that will guide FBA over the next 10 years;
- Increase total revenue to \$3.4m and have \$362,300 in reserve/Net Assets by 30th June 2020; and
- A net surplus of \$50,000 has been budgeted for FY2020.

LONG TERM OBJECTIVES

- Be recognised as the peak body for families in business in Australia & New Zealand and recognition of the overall sector by the community, government and the media.
- Generate greater public awareness of Family Owned Australian & New Zealand Businesses and educate consumers on the importance of choosing Family Owned Australian & New Zealand Businesses products and services.
- Provide platforms that best drive member engagement, whilst providing FBA with a sustainable financial footprint.
- Provide a customer focused platform for easy engagement of Accredited Advisors.
- Members: 3000 by 2021 with a retention rate maintained at around 87.5%.

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DIRECTORS REPORT (cont'd)

OVERALL STRATEGIES

1. Grow our membership and maintain an 87.5% retention rate.
2. Focus on resources and structures that will best allow FBA & FBNZ achieve its short and long term objectives.
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 & FBNZ 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.

DIRECTORS IN ATTENDANCE

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

Name	Experience	Responsibilities	Meetings attended
Mark Kagan	Director of Scarpa Imports Pty Ltd	Non-Executive Director	4/4
Danielle Robertson	Director of Danielle Robertson Consulting Pty Ltd	Non-Executive Director	3/4
Charles Vella	Director of Vella Group	Alternate Non-Executive Director to Danielle Robertson	1/4
Graham Henderson	Director of Mitchell Laminates Pty Ltd, Mitchell Plastics Pty Ltd	Non-Executive Director	4/4
Jill Thomas	Visiting Research Fellow University of Adelaide Business School	Non-Executive Director	4/4
Rosaria Pantaleo	Director of La Porchetta	Non-Executive Director	3/4
Gaye Wymond	Director of Eye Right Optical	Alternate Non-Executive Director to Sara Pantaleo	0/4
Mary Mercuri	Company Secretary of Ennio International	Non-Executive Director	3/4
Zoe Detmold	Director of Detmold Group	Alternate Non-Executive Director to Mary Mercuri	1/4
Lance Stringer	Director of Lawnswood Pty Ltd, Eastern Pets Pty Ltd, Family Pet Care Pty Ltd & Cooko Pty Ltd	Non-Executive Director	4/4
Jane O'Reilly	Director of Lamington Management Services	Non-Executive Director	4/4

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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 2019 the collective liability of the members was \$4,606 (2018 \$4,194).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 as required under section 307c of the Corporations Act 2001 can be found on page 11 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.



Graham Henderson
Director
Date: 9 August 2019

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 2019 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

9 August 2019
Blackburn, Victoria

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

	<u>NOTE</u>	<u>2019</u> \$	<u>2018</u> \$
Revenue from Continuing Operations	2	3,014,630	3,076,990
Cost of Functions and Events		(1,310,138)	(1,261,757)
Gross Surplus		1,704,492	1,815,233
 Amortisation expense	3	(25,349)	(10,165)
Depreciation expense	3	(7,796)	(7,281)
Finance costs	3	(2,205)	(2,444)
Employee benefits expense		(1,319,511)	(1,427,585)
Accounting and Audit		(5,600)	(9,000)
Advertising		-	-
Printing, postage and stationery		(30,597)	(48,993)
Bad Debts		-	-
Telephone		(25,372)	(14,224)
Travel		(76,759)	(62,660)
Marketing		(43,412)	(81,905)
Rent	3	(62,870)	(59,865)
Education		(1,766)	(2,670)
Other expenses		(98,150)	(117,477)
 Surplus/(Deficit) before income tax		5,105	(29,036)
 Income Tax	5	-	-
 Surplus/(Deficit) after related income tax attributable to members of the Company		5,105	(29,036)
 Other Comprehensive Surplus/(Deficit):		-	-
 Total Comprehensive Surplus/(Deficit) for the year		5,105	(29,036)
 Total Comprehensive Surplus/(Deficit) attributed to members of the Company		5,105	(29,036)

The company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 39 Financial Instruments: Recognition and Measurement.

The accompanying notes form part of these financials

FAMILY BUSINESS AUSTRALIA LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	<u>NOTE</u>	<u>2019</u> \$	<u>2018</u> \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	772,757	1,300,613
Trade and Other Receivables	8	521,646	433,602
Financial Assets	9	<u>497,603</u>	<u>274,543</u>
TOTAL CURRENT ASSETS		<u>1,792,006</u>	<u>2,008,758</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	10	15,067	18,975
Intangible Assets	11	48,257	66,426
Loan to related parties	12	<u>13,139</u>	<u>5,919</u>
TOTAL NON CURRENT ASSETS		<u>76,463</u>	<u>91,320</u>
TOTAL ASSETS		<u>1,868,469</u>	<u>2,100,078</u>
CURRENT LIABILITIES			
Trade and Other Payables	13	200,369	383,675
Other Current Liabilities	14	1,291,040	1,328,268
Provisions	15 (a)	<u>60,192</u>	<u>79,155</u>
TOTAL CURRENT LIABILITIES		<u>1,551,601</u>	<u>1,791,098</u>
NON CURRENT LIABILITIES			
Provisions	15 (b)	<u>6,243</u>	<u>3,460</u>
TOTAL NON CURRENT LIABILITIES		<u>6,243</u>	<u>3,460</u>
TOTAL LIABILITIES		<u>1,557,844</u>	<u>1,794,558</u>
NET ASSETS		<u>310,625</u>	<u>305,520</u>
EQUITY			
Accumulated surplus		<u>310,625</u>	<u>305,520</u>
TOTAL EQUITY		<u>310,625</u>	<u>305,520</u>

The accompanying notes form part of these financials

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

	<u>2019</u> \$	<u>2018</u> \$
Total equity at the beginning of the financial year	305,520	334,556
Total recognised gains and losses for the financial year:		
Surplus/(Deficit) for the year	5,105	(29,036)
Total equity at the end of the financial year	<u>310,625</u>	<u>305,520</u>

The company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 39 Financial Instruments: Recognition and Measurement.

FAMILY BUSINESS AUSTRALIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

	<u>NOTE</u>	<u>2019</u> \$	<u>2018</u> \$
Cash Flows from Operating Activities			
Receipts from customers		3,223,296	4,043,638
Interest received		12,755	14,986
Payments to suppliers and employees		(3,520,354)	(3,382,078)
Finance costs		<u>(2,205)</u>	<u>(2,444)</u>
Net Cash (Outflows)/Inflows from Operating Activities	19 (b)	<u><u>(286,508)</u></u>	<u><u>674,102</u></u>
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		-	-
Payments for property, plant and equipment		(3,888)	(4,967)
Payments for intangibles – website development		(7,180)	(42,667)
Loan Receivable		(7,220)	(5,919)
Payments for additional financial assets		<u>(223,060)</u>	<u>(6,946)</u>
Net Cash Outflows from Investing Activities		<u><u>(204,772)</u></u>	<u><u>(60,499)</u></u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(527,856)	613,603
Cash and cash equivalents at the beginning of the financial year		<u>1,300,613</u>	<u>687,010</u>
Cash and Cash Equivalents at the End of the Financial Year	19 (a)	<u><u>772,757</u></u>	<u><u>1,300,613</u></u>

The accompanying notes form part of these financials

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

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 – 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) Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2017.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment, which have been applied from 1 July 2018.

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 2019

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

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Measurement of equity instruments

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the relevant reserve.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classifica- tion under AASB 9	Carrying amount under AASB 139	Reclassi- fication	Remeasure- ments	Carrying amount under AASB 9
Financial assets			\$	\$	\$	\$
Cash and cash equivalents	Loans and receivables	Amortised cost	772,757			772,757
Trade and other receivables	Loans and receivables	Amortised cost	521,646			521,646
Loan to related parties	Loans and receivables	Amortised cost	13,139			13,139
Financial assets	Held to maturity	Amortised cost	497,603			497,603
Total financial assets			1,805,145			1,805,145
Financial liabilities						
Trade and other payables	Other financial liabilities	Other financial liabilities	200,369			200,369
Other current liabilities	Other financial liabilities	Other financial liabilities	1,291,040			1,291,040
Total financial liabilities			1,491,409			1,491,409

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 2019

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

(d) 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.

(e) 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.

(f) 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).

(g) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Financial Instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

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 2019

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

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- available-for-sale financial assets.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Financial liabilities

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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 2019

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

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

For current year

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

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 2019

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

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and
- contract assets.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

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 2019

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.

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

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(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.

(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.

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

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

(m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Critical judgements and significant accounting estimates

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Revenue recognition

When determining the nature, timing and amount of revenue to be recognised, the following critical estimates and judgements were applied and are considered to be those that have the most significant effect on revenue recognition.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

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.

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.

FAMILY BUSINESS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 2: Revenue</u>		
Continuing Operations:		
Sponsorship	313,172	306,065
Functions/Events	2,065,243	2,172,380
Membership Fees	623,461	583,559
Interest Received	12,755	14,986
Total Revenue	<u><u>3,014,630</u></u>	<u><u>3,076,990</u></u>

NOTE 3: Surplus/(Deficit) for the year

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

(a) Expenses:

Amortisation of intangibles	<u><u>25,349</u></u>	<u><u>10,165</u></u>
Depreciation		
Office Equipment	4,117	4,117
Computer Equipment	3,679	3,164
Leasehold Improvements	-	-
	<u><u>7,796</u></u>	<u><u>7,281</u></u>
Rental expense relating to operating leases		
Rental Expense	<u><u>62,870</u></u>	<u><u>59,865</u></u>
Finance Costs		
Bank Charges	<u><u>2,205</u></u>	<u><u>2,444</u></u>
Defined Contribution Superannuation Expense	<u><u>108,099</u></u>	<u><u>115,162</u></u>

NOTE 4: Remuneration of Auditor

Remuneration of the Auditor of the Company for:		
Audit of the financial report	8,500	10,000
Audit travel disbursements	120	60
Assistance with preparation of financial report	-	-
	<u><u>8,620</u></u>	<u><u>10,060</u></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 2019

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>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 7: Cash and Cash Equivalents</u>		
Cash at bank and on hand	772,757	1,082,888
Deposit at call	-	217,725
	<u>772,757</u>	<u>1,300,613</u>

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. In 2019 the average floating interest rates for the company was 1.53% (2018: 2.14%).

NOTE 8: Trade and Other Receivables

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Trade receivables	289,005	172,175
Provision for impairment	(4,275)	(4,275)
Other receivables and prepayments	236,916	265,702
GST Receivable	-	-
	<u>521,646</u>	<u>433,602</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 2019

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>2019</u> \$	<u>2018</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: Financial Assets

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Held-to maturity financial assets	9a	<u>497,603</u>	<u>274,543</u>
		<u>497,603</u>	<u>274,543</u>
a. Held-to-maturity Investments			
Fixed Bank Term Deposits		<u>497,603</u>	<u>274,543</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 2019

	<u>2019</u> \$	<u>2018</u> \$
<u>NOTE 10: Property, Plant and Equipment</u>		
(a) Plant & Equipment comprises:		
Office equipment – at cost	53,055	53,055
Less: accumulated depreciation	<u>(43,861)</u>	<u>(39,744)</u>
	<u>9,194</u>	<u>13,311</u>
Computer equipment – at cost	100,818	96,930
Less: accumulated depreciation	<u>(94,945)</u>	<u>(91,266)</u>
	<u>5,873</u>	<u>5,664</u>
Leasehold Improvements – at cost	-	-
Less: accumulated depreciation	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>15,067</u></u>	<u><u>18,975</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.

	Office	Computer	Leasehold	Total
	Equipment	Equipment	Improvements	
	\$	\$	\$	\$
Carrying amount at start of year	13,311	5,664	-	18,975
Additions	-	3,888	-	3,888
Disposals	-	-	-	-
Depreciation expense	<u>(4,117)</u>	<u>(3,679)</u>	-	<u>(7,796)</u>
Carrying amount at end of year	<u><u>9,194</u></u>	<u><u>5,873</u></u>	<u><u>-</u></u>	<u><u>15,067</u></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 2019

	<u>2019</u> \$	<u>2018</u> \$
<u>NOTE 11: Intangible Assets</u>		
Computer software – at cost	232,554	225,374
Less: accumulated amortisation	<u>(184,297)</u>	<u>(158,948)</u>
	<u><u>48,257</u></u>	<u><u>66,426</u></u>

Movements in carrying amounts:

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

	<u>2019</u> \$	<u>2018</u> \$
Carrying amount at start of year	66,426	33,924
Additions	7,180	42,667
Amortisation expense	<u>(25,349)</u>	<u>(10,165)</u>
Carrying amount at end of year	<u><u>48,257</u></u>	<u><u>66,426</u></u>

	<u>2019</u> \$	<u>2018</u> \$
<u>NOTE 12: Loan to related parties</u>		
Loan to Family Business NZ	<u>13,139</u>	<u>5,919</u>
	<u><u>13,139</u></u>	<u><u>5,919</u></u>

	<u>2019</u> \$	<u>2018</u> \$
<u>NOTE 13: Trade and Other Payables</u>		
Unsecured liabilities:		
Trade creditors	50,448	286,563
GST Payable	25,006	3,499
Other payables and accruals	<u>124,915</u>	<u>93,613</u>
Total Trade and Other Payables	<u><u>200,369</u></u>	<u><u>383,675</u></u>

NOTE 14: Other Current Liabilities

Deferred revenue	<u><u>1,291,040</u></u>	<u><u>1,328,268</u></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 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>NOTE 15: Provisions</u>		
Opening balance at 1 July	82,615	69,292
Additional provisions raised during year	20,575	29,137
Amounts used	<u>(36,755)</u>	<u>(15,814)</u>
Balance at 30 June	<u><u>66,435</u></u>	<u><u>82,615</u></u>
	<u>2019</u>	<u>2018</u>
	\$	\$
Current		
(a) Aggregate employee benefits liability:		
Provision for annual leave	60,192	69,385
Provision for long service leave	<u>-</u>	<u>9,770</u>
	<u><u>60,192</u></u>	<u><u>79,155</u></u>
Non Current		
(b) Aggregate employee benefits liability:		
Provision for annual leave	-	-
Provision for long service leave	<u>6,243</u>	<u>3,460</u>
	<u><u>6,243</u></u>	<u><u>3,460</u></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 2019

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:

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Aggregate compensation	<u><u>1,041,048</u></u>	<u><u>1,129,219</u></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

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
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019

NOTE 18: Financial Risk Management

	<u>Note</u>	2019	2018
		\$	\$
Financial assets			
Cash and cash equivalents	7	772,757	1,300,613
Loans and receivables	8	534,785	433,602
Held-to-maturity investments	9a	497,603	274,543
		<u>1,805,145</u>	<u>2,008,758</u>
Financial Liabilities			
Trade and other payables	13	200,369	383,675
		<u>200,369</u>	<u>383,675</u>

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

	<u>2019</u>	<u>2018</u>
	\$	\$

NOTE 19: Cash Flow Information

(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>772,757</u>	<u>1,300,613</u>
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(b) Reconciliation of cash flows from operations with surplus/(deficit) after income tax:

Surplus/(Deficit) after income tax	5,105	(29,036)
Non-cash flows:		
Amortisation	25,349	10,165
Depreciation	7,796	7,281
Changes in assets and liabilities:		
(Increase)/decrease in stock	-	4,299
(Increase)/decrease in trade receivables and other receivables	(76,268)	(65,485)
Increase/(decrease) in trade and other payables	(195,082)	189,775
(Decrease)/increase in other current liabilities	(37,228)	543,780
Increase/(decrease) in provisions	<u>(16,180)</u>	<u>13,323</u>
Net Cash (Outflows)/Inflows from Operating Activities	<u>(286,508)</u>	<u>674,102</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 2019

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
<u>NOTE 20: Capital and Leasing Commitments</u>		
Operating lease commitments - Premises		
Non-cancellable operating leases contracted for but not Capitalised in the financial statements:		
Payable		
- no longer than one year	74,834	70,315
- longer than one year but no longer than two years	<u>31,689</u>	<u>99,613</u>
	<u><u>106,523</u></u>	<u><u>169,923</u></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.

NOTE 22: Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:Nil).

NOTE 23: Statutory Information

The registered office and principal place of business of the company is:
Family Business Australia Limited
Suite 3, Level 5
24 Albert Road
South Melbourne Vic 3205

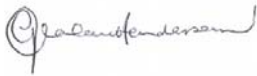
FAMILY BUSINESS AUSTRALIA LIMITED
ABN 61 083 076 000

DIRECTORS' DECLARATION

The Directors of Family Business Australia Limited declare that:

- (a) the financial statements, comprising the statement of Profit or Loss and other comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, and accompanying notes as set out on pages 12-33, are in accordance with the *Corporations Act 2001*; and
 - i. comply with Accounting Standards Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - ii. give a true and fair view of the company's financial position as at 30th June 2019 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: 9 August 2019

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 2019, 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 2019 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 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.

A handwritten signature in black ink, appearing to read 'Matthew Hung', with a stylized flourish at the end.

Matthew Hung, CA
rdl.accountants

9 August 2019
Blackburn, Victoria