Appendix 4E

PRELIMINARY FINAL REPORT

Name of Entity	**FSA Group Limited**
ABN	98 093 855 791

1. Details of the reporting period

Financial Year Ended	30 June 2019
Previous Corresponding Reporting Period	30 June 2018

2. Results for Announcement to the Market

		$'000	% Increase over corresponding period
2.1	Total Group operating income	69,742	5%
2.2	Profit from ordinary activities after tax attributable to members of the parent	14,411	14%
2.3	Net profit for the period attributable to members	14,411	14%
2.4	Dividends – see item 7 below		
2.5	Record date – see item 7 below		
2.6	Commentary on above details – refer to Executive Directors' Review and Financial Statements		

For an explanation of the information provided above at 2.1 to 2.4, refer to the accompanying Executive Directors' Review and Financial Statements.

3. Statement of Profit or Loss and Other Comprehensive Income with notes to the statement

Refer to page 25 of the Financial Statements and the accompanying notes

4. Statement of Financial Position with notes to the statement

Refer to page 26 of the Financial Statements and the accompanying notes

5. Statement of Cash Flows with notes to the statement

Refer to page 28 of the Financial Statements and the accompanying notes

6. Statement of Changes in Equity

Refer to page 27 of the Financial Statements and the accompanying notes

7. Dividends

Fully franked final dividend for the year ended 30 June 2018 of 4.00 cents per ordinary share	$5,003,704
Fully franked interim dividend for the year ended 30 June 2019 of 2.00 cents per ordinary share	$2,501,853
	$7,505,557

Dividends payable subsequent to year end

Date payable	13-Sep-19
Record date to determine entitlement to the dividend	11-Sep-19
Amount per share (fully franked)	3.00 cents
Total dividend calculated on shares on issue as at the date of this report	$3,752,778

8. Dividends reinvestment

There is no Dividend Reinvestment Plan in place.

9. NTA Backing

	Current Period	Corresponding period
Net tangible asset backing per ordinary share after adjusting for non-controlling interests	38.6 cents	33.5 cents

10. Entities over which control has been gained or lost during the period

Not applicable.

11. Associates and joint venture entities

Not applicable.

12. Ability to make an informed assessment of the entities financial performance and financial position.

Refer to the accompanying Executive Directors' Review and Financial Statements.

13. Foreign entities

Not applicable.

14. Results for the period

Refer to the accompanying Executive Directors' Review and Financial Statements and segment commentary within, and supported by financial data contained in Note 8: Segment Information commencing at page 44 of the Financial Statements.

15. Status of audit

The financial statements have been audited and a copy of the audit report is included in the Financial Statements at pages 65 to 67. The audit report does not contain any qualification nor is there any dispute.

The Annual General Meeting is scheduled for Friday 22 November 2019 at 2pm in Sydney.

Cellina Z Chen
Company Secretary
22 August 2019

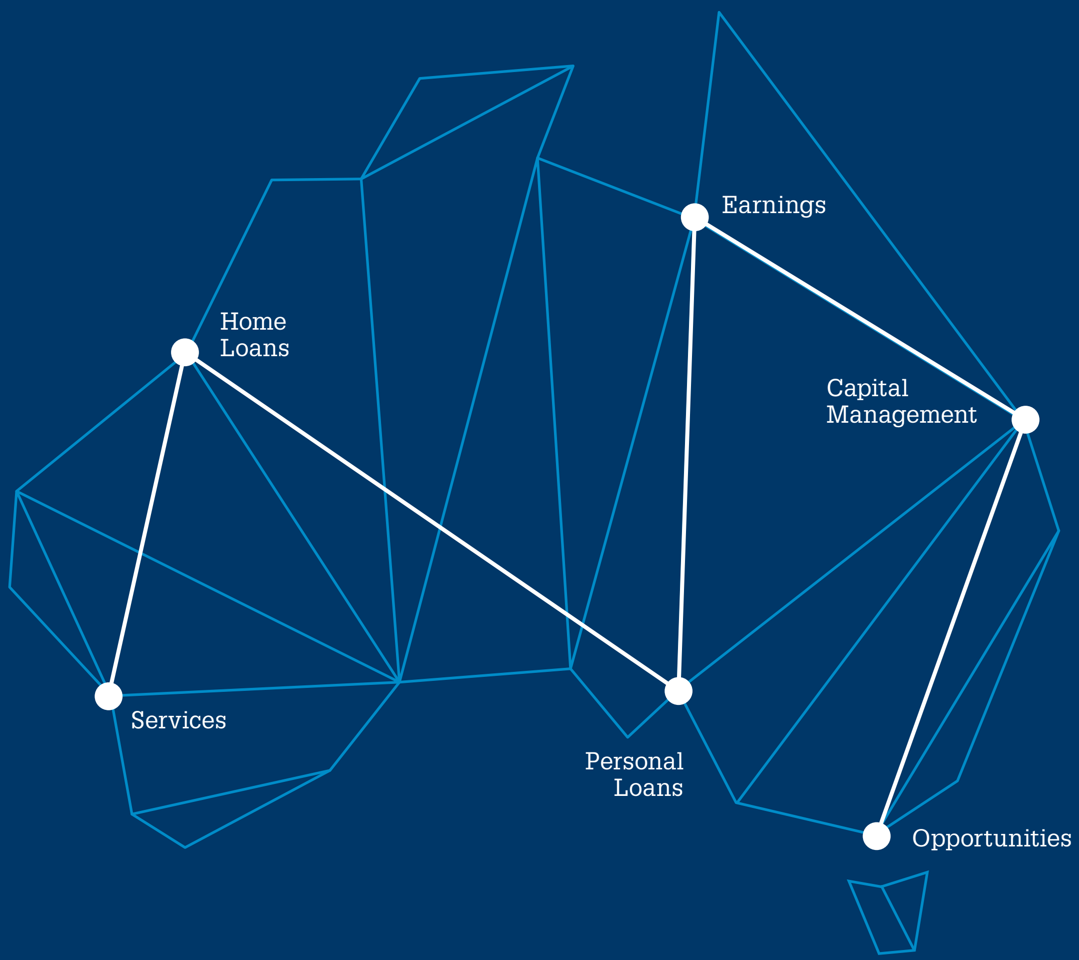
FSA Group Limited

Annual Report 2019

Challenges, Change and Progress

Fourth year of our 5 year strategic plan

Our Plan


Earnings
Home Loans
Capital Management
Services
Personal Loans
Opportunities

For over 19 years, FSA Group has helped thousands of Australians take control of their debt. Our large and experienced team of professionals offers a range of debt solutions and direct lending services, which we tailor to suit individual circumstances and to achieve successful outcomes for our clients.

Cautionary Statements and Disclaimer Regarding Forward-Looking Information

This Annual Report may contain forward-looking statements, including statements about FSA Group Limited's (**Company**) financial condition, results of operations, earnings outlook and prospects. Forward-looking statements are typically identified by words such as "plan," "aim", "focus", "target", "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions.

The forward-looking statements contained in this Annual Report are predictive in character and not guarantees or assurances of future performance. These forward-looking statements involve and are subject to known and unknown risks and uncertainties many of which are beyond the control of the Company. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty.

Factors that may cause actual results or earnings to differ materially from these forward-looking statements include general economic conditions in Australia, interest rates, competition in the markets in which the Company does and will operate, and the inherent regulatory risks in the businesses of the Company, along with the credit, liquidity and market risks affecting the Company's financial instruments described in the Annual Report.

Forward-looking statements are based on assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate. Those assumptions may not be correct or exhaustive.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. **You are cautioned not to place undue reliance on any forward-looking statements.**

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed. The Company disclaims any responsibility to and undertakes no obligation to update or revise any forward-looking statement to reflect any change in the Company's circumstances or the circumstances on which a statement is based, except as required by law.

The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement to the extent permitted by law. Unless otherwise stated, the projections or forecasts included in this Annual Report have not been audited, examined or otherwise reviewed by the independent auditors of the Company.

This Annual Report is not an offer or invitation for subscription or purchase of, or a recommendation of securities.

Our Business

Services

FSA Group offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These services include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy.

Consumer Lending

FSA Group offers home loans to assist clients with property who wish to consolidate their debt and personal loans to assist clients who wish to purchase a motor vehicle.

Chairman's Letter

Dear Shareholders,

The 2019 financial year, the fourth year of our five year strategic plan, has been a year of challenges, change and progress.

As a consequence of the Royal Commission, banks and other financial institutions adopted a softer approach to debt collection. The personal insolvency statistics released by the Australian Financial Security Authority reported that bankruptcies for the 2019 financial year were at their lowest level in 24 years. These figures clearly reflect the outcome of a more benign collection environment. This temporarily slowed demand for our services in the second half of the financial year. In addition we allocated key management resources during the latter half of the financial year to prepare for the amendments to the *Bankruptcy Act 1966*, which took effect from 27 June 2019. This also impacted on growth within our Consumer Lending segment. Despite these challenges we have successfully navigated this period.

The Services segment offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. FSA Group is the largest provider of these services in Australia. During the 2019 financial year new client numbers for informal arrangements and debt agreements decreased by 21% and for personal insolvency agreements and bankruptcy increased by 5% compared to the previous corresponding period. During the year informal arrangement and debt agreement clients under administration decreased to 21,725, down 1% and for personal insolvency agreements and bankruptcy increased to 1,290, up 3%. FSA Group manages $379 million of unsecured debt under informal arrangements and debt agreements and during the 2019 financial year paid $88 million in dividends to creditors.

The Consumer Lending segment offers home loans and personal loans to assist clients wishing to consolidate their debt or to purchase a motor vehicle. During the 2019 financial year our home loan and personal loan pools continued to grow, growing from $408 million to $441 million, an 8% increase. We are still aiming to grow our loan pool to around $500 million over our 5 year plan. During the year Westpac increased and renewed our home loan and personal loan facilities.

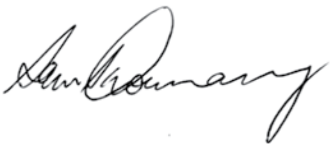
For the 2019 financial year FSA Group generated $69.7 million in operating income, a 5% increase, and a profit after tax attributable to members of $14.4 million, a 14% increase compared to the results of 2018. Our net cash inflow from operating activities was $17.1 million, an 18% increase.

I advise that the Directors have declared a fully franked final dividend of 3.00 cents per share for the 2019 financial year. This brings the full year dividend to 5.00 cents per share.

We are moving into the last year of our 5 year strategic plan. Our focus for the remaining year is outlined in the Executive Directors' Review under "Strategy and Outlook".

I would like to thank my fellow Directors, all our executives and staff for their contribution to the successes of the current year.

Yours sincerely,



Sam Doumany
Chairman

A 5 Year Strategic Plan

2019 Progress

Services	**Informal Arrangements and Debt Agreements** • 21% decrease in new clients • 21,725 clients, down 1% • $379m of debt managed • $88m paid to creditors	**Personal Insolvency Agreements and Bankruptcy** • 5% increase in new clients • 1,290 clients, up 3%
Consumer Lending	**Home Loans** • Loan pool $382m, up 6% • >30 day arrears 1.42% • Losses $278,405 • Westpac facility $375m • Institutional facility $30m	**Personal Loans** • Loan pool $59m, up 25% • >30 day arrears 3.36% • Losses $564,022 • Westpac facility $75m

Executive Directors' Review

Dear Shareholders,

The 2019 financial year, the fourth year of our five year strategic plan, has been a year of challenges, change and progress.

For the 2019 financial year FSA Group generated $69.7 million in operating income, a 5% increase, and a profit after tax attributable to members of $14.4 million, a 14% increase compared to the results of 2018. Our net cash inflow from operating activities was $17.1 million, an 18% increase.

We advise that the Directors have declared a fully franked final dividend of 3.00 cents per share for the 2019 financial year. This brings the full year dividend to 5.00 cents per share.

The Financial Overview below summarises our performance.

Financial Overview	FY2018	FY2019	% Change
Operating income	$66.2m	$69.7m	∧ 5%
Profit before tax	$19.7m	$22.2m	∧ 13%
Profit after tax attributable to members	$12.6m	$14.4m	∧ 14%
EPS basic	10.08c	11.52c	∧ 14%
Net cash inflow from operating activities	$14.5m	$17.1m	∧ 18%
Dividend/share	7.00c	5.00c	∨ 29%
Shareholder equity attributable to members	$44.0m	$51.0m	∧ 16%
Return on Equity	30%	30%	

During 2015, we entered into interest rate swap agreements, locking in $80 million of our funding costs at a fixed rate for 5 years.

The Financial Overview above includes the before tax mark to market unrealised gain of $0.2 million in 2018 and the unrealised loss of $0.6 million in 2019 on our 5 year interest rate swap agreements. Reference is to be made to "unrealised gain or (loss) on fair value movement of derivatives" in the Statement of Profit or Loss and Other Comprehensive Income.

Operational Performance

Our business operates across the following key segments, Services and Consumer Lending. The operating income and profitability of each segment is as follows:

Operating income by segment	FY2018	FY2019	% Change
Services	$47.4m	$46.8m	∨ 1%
Consumer Lending			
Home Loans	$10.5m	$11.2m	∧ 6%
Personal Loans	$8.2m	$11.7m	∧ 43%
Other/unallocated	$0.1m	$0.1m	
Operating income	**$66.2m**	**$69.7m**	∧ **5%**

Profit before tax by segment	FY2018	FY2019	% Change
Services	$10.2m	$11.6m	∧ 13%
Consumer Lending			
Home Loans	$6.0m	$5.9m	∨ 1%
Personal Loans	$3.5m	$5.3m	∧ 51%
Other/unallocated[1]	($0.1m)	($0.7m)	
Profit before tax	**$19.7m**	**$22.2m**	∧ **13%**

Note 1: "Other/unallocated" includes the before tax mark to market unrealised gain of $0.2 million in 2018 and the unrealised loss of $0.6 million in 2019 on our 5 year interest rate swap agreements. Reference is to be made to "unrealised gain or (loss) on fair value movement of derivatives" in the Statement of Profit or Loss and Other Comprehensive Income.

Services

The Services segment offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. FSA Group is the largest provider of these services in Australia.

As a consequence of the Royal Commission, banks and other financial institutions adopted a softer approach to debt collection. The personal insolvency statistics released by the Australian Financial Security Authority reported that bankruptcies for the 2019 financial year were at their lowest level in 24 years. These figures clearly reflect the outcome of a more benign collection environment. This temporarily slowed demand for our services in the second half of the financial year. In addition we allocated key management resources during the latter half of the financial year to prepare for the amendments to the *Bankruptcy Act 1966*, which took effect from 27 June 2019. This also impacted on growth within our Consumer Lending segment. Despite these challenges we have successfully navigated this period.

Legislative changes

The amendments to the *Bankruptcy Act 1966*, which took effect from 27 June 2019, will limit the time to repay debt under a debt agreement to three years for non-home owners while allowing those who own a home up to five years.

The amendments have created two classes of debtors: those with a home and those without a home. Non-home owners may be adversely affected by this change as a three year term may not provide commercially acceptable rates of return to creditors resulting in these three year debt agreement proposals being rejected. The likely consequence of this may be an increase in non-home owners exploring other solutions to resolve their unmanageable debt.

FSA Group is a diversified debt solution provider. We offer a range of solutions to assist clients with unmanageable debt.

We do not see these amendments as having a material impact on the number of clients we are able to assist or the long term financial performance of FSA Group.

During the 2019 financial year new client numbers for informal arrangements and debt agreements decreased by 21% and for personal insolvency agreements and bankruptcy increased by 5% compared to the previous corresponding period.

During the year informal arrangement and debt agreement clients under administration decreased to 21,725, down 1% and for personal insolvency agreements and bankruptcy increased to 1,290, up 3%. FSA Group manages $379 million of unsecured debt under informal arrangements and debt agreements and during the 2019 financial year paid $88 million in dividends to creditors.

Informals and Debt Agreements	FY2017	FY2018	FY2019	% Change
New Clients	5,395	5,797	4,573	∨ 21%
Clients under administration	20,194	21,885	21,725	∨ 1%
Debt managed	$366m	$398m	$379m	∨ 5%
Dividends paid	$81m	$82m	$88m	∧ 7%

PIA's and Bankruptcy	FY2017	FY2018	FY2019	% Change
New Clients	354	415	436	∧ 5%
Clients under administration	1,404	1,253	1,290	∧ 3%

The Services segment achieved a profit before tax of $11.6 million, a 13% increase.

Consumer Lending

The Consumer Lending segment offers home loans and personal loans to assist clients wishing to consolidate their debt or to purchase a motor vehicle.

During the 2019 financial year our home loan and personal loan pools continued to grow, growing from $408 million to $441 million, an 8% increase. We are still aiming to grow our loan pool to around $500 million over our 5 year plan.

Loan Pool Data	Home Loans	Personal Loans
Weighted average loan size	$356,370	$22,261
Security type	Residential home	Motor vehicle
Weighted average loan to valuation ratio	67%	91%
Variable or fixed rate	Variable	Fixed
Geographical spread	All states	All states

Loan Pools	FY2017	FY2018	FY2019	% Change
Home Loans	$306m	$360m	$382m	^ 6%
Personal Loans	$35m	$48m	$59m	^ 25%
Total	**$342m**	**$408m**	**$441m**	**^ 8%**

Arrears > 30 day	FY2017	FY2018	FY2019
Home Loans	2.21%	1.40%	1.42%
Personal Loans	1.56%	1.55%	3.36%

Losses	FY2017	FY2018	FY2019
Home Loans	$340,465	$501,494	$278,405
Personal Loans	$199,594	$263,251	$564,022

As our loan pools grow we expect to increase and renew our facilities as required. During the year, Westpac renewed our $375 million non-recourse senior home loan facility. The senior facility is supported by a non-recourse mezzanine facility provided by an institutional fund manager which was increased to $30 million and also renewed.

For our personal loans, Westpac approved a limited recourse senior personal loan facility of $75 million to support future growth.

Funding	Facility Type	Provider	Limit	Availability End Date	Maturity Date
Home Loans	Non-recourse senior	Westpac	$350m	July 2021	October 2021
	Non-recourse senior	Westpac	$25m	July 2021	October 2021
	Non-recourse mezzanine	Institutional	$30m	July 2021	October 2021
Personal Loans	Limited recourse senior	Westpac	$75m	April 2021	April 2023

The Consumer Lending segment achieved a profit before tax of $11.2 million, an 18% increase. As we grow our loan pools our business will benefit from higher incremental margins due to fixed cost leverage. This will result in profits growing at a faster rate than revenues. We will continue to see this positive impact to profit growth during the 2020 financial year.

Net cash inflow from operating activities

During the 2019 financial year, FSA Group maintained strong net cash inflow driven by long term annuity income from its clients. Net cash inflow from operating activities was $17.1 million, a 18% increase.

	FY2017	FY2018	FY2019	% change
Net cash inflow from operating activities	$11.1m	$14.5m	$17.1m	^ 18%

		No of clients/loan pool size	Average client life in years
Services	Informals/Debt Agreements	21,725	4.5 to 5.5
	PIA/Bankruptcy	1,290	3
Consumer Lending	Home Loans	$382m	3 to 4
	Personal Loans	$59m	4 to 5

Strategy and Outlook

We are moving into the last year of our 5 year strategic plan. Our focus over the 2020 financial year will be as follows:

Services	Maintain our leading position in a niche market.
Consumer Lending	Aiming to grow our loan pools to around $500 million.
Earnings	Expect earnings growth of 5% to 15% per annum.
Capital Management	Expect our full year dividend to be between 5 cents to 7 cents per share with the balance of earnings to be re-invested to support the growing loan pools. We initially planned to secure mezzanine funding for our personal loan facility when our loan pool reached $100 million. We now plan to secure mezzanine funding sooner.
Preparing our business for the future	Continuing with the offshoring to our Philippine (31 staff) and Indian (15 staff) offices a number of administrative tasks and automating others.

Our People

Our work environment fosters diversity, equal employment opportunities, fairness and embraces and supports personal growth, continuous learning and training opportunities for all our team. We invest in our team to ensure that they have the skills, competencies, and knowledge they need to deliver excellent and ethical customer service and support. Our people are our greatest asset and we acknowledge and we thank them for their efforts during the year. We also thank the Board for their guidance and support.

Yours sincerely,

Tim Odillo Maher
Executive Director

Deborah Southon
Executive Director

Directors and Secretary

(From L to R, top to bottom)
Tim Odillo Maher
Stan Kalinko
David Bower
Deborah Southon
Sam Doumany
Cellina Chen (Secretary)

Financial Statements

for the year ended 30 June 2019

Directors' Report

For the year ended 30 June 2019

Directors

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the "Consolidated Entity") consisting of FSA Group Limited (referred to hereafter as the "Company" or "parent entity") and the entities controlled at the end of, and during, the year ended 30 June 2019.

The Directors of the Company at any time during or since the end of the financial year are:

Sam Doumany
Tim Odillo Maher
Deborah Southon
Stan Kalinko
David Bower

Information on Directors

Sam Doumany (Non-Executive Chairman)

Experience and Expertise

Mr Doumany was appointed on 18 December 2002 and was appointed Chairman on 30 June 2003.

Mr Doumany commenced his career in economic research, agribusiness and marketing before embarking on a distinguished political career as a member of Queensland Parliament in 1974. Between 1974 and 1983 Mr Doumany served on several Parliamentary committees, the Liberal Party's State and Federal Rural Policy Committees and the Queensland Liberal Party State Executive. Elevated to the Cabinet in 1978, Mr Doumany served firstly as Minister for Welfare and Corrective Services before serving as Minister for Justice, Queensland Attorney-General and the Deputy Leader of the Liberal Parliamentary Party until late 1983. Since 1983 Mr Doumany has operated a consultancy practice providing services in government relations, corporate strategy and market development. Mr Doumany was retained by Ernst & Young in an executive consultancy role between 1991 and 2002. He has also held numerous Executive and Non-Executive board positions, many as Chairman, for private and public companies, industry authorities/associations and review committees.

Mr Doumany holds a Bachelor of Science (Agriculture) from the University of Sydney and is a member of the Australian Institute of Company Directors.

Other current (listed company) directorships

Nil

Former (listed company) directorships in the last 3 years

Nil

Special responsibilities

Member of the Audit & Risk Management Committee and the Remuneration Committee.

Interest in shares and options

Ordinary shares	1,100,000

Tim Odillo Maher (Executive Director)

Experience and Expertise

Mr Odillo Maher was appointed on 30 July 2002.

Mr Odillo Maher holds a Bachelor of Business Degree (majoring in Accounting and Finance) from Australian Catholic University and is a Certified Practising Accountant.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary shares	42,809,231

Deborah Southon (Executive Director)

Experience and Expertise

Ms Southon was appointed on 30 July 2002.

Ms Southon has attained a wealth of experience in the government and community services sectors having worked for the Commonwealth Department of Health and Family Services, the former Department of Community Services, and the Smith Family.

Ms Southon has an Executive Certificate in Leadership & Management (University of Technology, Sydney) and a Bachelor of Arts Degree (Sydney University).

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special responsibilities

Nil

Interest in shares and options

Ordinary shares	12,960,047

Stan Kalinko (Non-Executive Director)

Experience and Expertise

Mr Kalinko was appointed on 9 May 2007.

Mr Kalinko has been a professional company director since his retirement from law on 30 June 2007. Mr Kalinko practised law for more than 30 years and was a merchant banker for six years. He is a fellow of the Australian Institute of Company Directors and also serves on the Board of Indigenous Community Volunteers Limited. He has a B.Com, LLB, a Higher Diploma in Tax and is an accredited mediator.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special Responsibilities

Member of the Audit & Risk Management Committee and Chairperson of the Remuneration Committee

Interest in shares and options

Ordinary shares	120,000

Directors' Report cont.

For the year ended 30 June 2019

Information on Directors cont.

David Bower (Non-Executive Director)

Experience and Expertise

Mr David Bower was appointed on 23 April 2015.

Mr Bower has over 30 years of executive experience in financial services in Australia. He spent 26 years with Westpac Banking Corporation running business units in Corporate Banking, Commercial Bank, Retail Bank and Financial Markets. He also worked with ANZ and St George Bank. He is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics degree.

Other current (listed company) directorships

Nil

Former (listed company) directorships in last 3 years

Nil

Special Responsibilities

Chairperson of the Audit & Risk Management Committee and a Member of the Remuneration Committee

Interest in shares and options

Ordinary shares	90,800

Company Secretary

Cellina Z Chen

Mrs Cellina Z Chen was appointed joint Company Secretary on 23 April 2015 and subsequently appointed as Company Secretary on 1 July 2015. Mrs Chen holds a Master of Commerce degree (major in accounting and finance) from the University of Sydney and is a Certified Practising Accountant. Mrs Chen has also completed the Australian Institute of Company Directors courses and holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Mrs Chen joined the Company in 2001 and is the Chief Financial Officer.

Principal activities

The principal activities of the Consolidated Entity during the year were the provision of debt solutions and direct lending services to individuals.

Operating results

Total profit for the year and total comprehensive income for the year for the Consolidated Entity after providing for income tax and eliminating non-controlling interests was $14,411,166 (2018: $12,603,134).

Dividends declared and paid during the year

- On 27 September 2018, a fully franked final dividend relating to the year ended 30 June 2018 of $5,003,704 was paid at 4.00c per share; and
- On 28 March 2019, a fully franked interim dividend of $2,501,853 was paid at 2.00c per share.

Dividends declared after the end of year

On 22 August 2019, the Directors declared a 3.00 cent fully franked final dividend to shareholders to be paid on 13 September 2019 with a record date of 11 September 2019.

Operating and Financial Review

Detailed comments on operations are included separately in the Executive Directors' Review, on pages 5 to 9 of the Annual Report.

Review of financial condition

Capital structure

There have been no changes to the Company's share structure during or since the end of the financial year.

Financial position

The net assets of the Consolidated Entity, which includes amounts attributable to non-controlling interest, have increased from $46,790,463 at 30 June 2018 to $54,112,380 at 30 June 2019.

Treasury policy

The Consolidated Entity does not have a formally established treasury function. The Board is responsible for managing the Consolidated Entity's finance facilities.

Liquidity and funding

The Consolidated Entity has sufficient funds to finance its operations, and also to allow the Consolidated Entity to take advantage of favourable business opportunities. Further details of the Consolidated Entities' access to facilities are included in Note 13 of the Financial Statements.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

Westpac Banking Corporation renewed its $375m non-recourse senior home loan facility until October 2021. The Westpac senior facility is supported by a non-recourse mezzanine facility provided by an institutional fund manager. This facility was increased from $25 million to $30 million and also renewed until October 2021.

There have been no events since the end of the financial year that impact upon the financial performance or position of the Consolidated Entity as at 30 June 2019 except as follows:

- On 22 August 2019, the Directors declared a 3.00 cent fully franked final dividend to shareholders to be paid on 13 September 2019 with a record date of 11 September 2019.

Likely developments and expected results of operations

Likely developments in the operations of the Consolidated Entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report in the Executive Directors' Review.

There are no further developments that the Directors are aware of which could be expected to affect the results of the Consolidated Entity's operations in subsequent financial years other than the information contained in the Executive Directors' Review.

Environmental regulations

There are no matters that have arisen in relation to environmental issues up to the date of this report. The operations of the Consolidated Entity are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Share options

As at 30 June 2019 there were no options on issue and no shares were issued during the year following the exercise of options.

Directors' Report cont.

For the year ended 30 June 2019

Indemnification and insurance of directors and officers

Each of the Directors and the Officers of the Company has entered into an agreement with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Officers; and indemnifies those Directors and Officers against liabilities suffered in the discharge of their duties as Directors or Officers of the Company.

The Company has also insured all of the Directors and Officers of FSA Group Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Remuneration Report (Audited)

This Remuneration Report sets out the remuneration information, pertaining to the Directors and the Senior Executive. The Executive Directors and the Senior Executive comprise the Key Management Personnel of the Consolidated Entity for the purposes of the *Corporations Act 2001* for the year ended 30 June 2019.

Key Management Personnel have the authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

Remuneration policy

The performance of the Consolidated Entity depends upon the quality of its personnel. To prosper, the Consolidated Entity must attract, motivate and retain highly skilled people.

The Company has a Remuneration Committee but does not have a Nominations Committee. The Directors consider that the Company is not of a size, nor are its affairs of such complexity, as to justify the formation of a Nominations Committee. All matters which might be dealt with by that Committee are reviewed by the Directors in meeting as a Board. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors and the Senior Executive. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of highly skilled people. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. The Board's policy is to align Executive Directors and Senior Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and long-term incentives. In accordance with best practice corporate governance, the remuneration structure of Non-Executive Director, Executive Director and Senior Executive is separate and distinct.

In consultation with external remuneration consultants in prior years, the Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity. The key tenets of this framework are:

Alignment to shareholders' interests:

- has profit before income tax as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Consolidated Entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in General Meeting. The total aggregate annual remuneration payable to Non-Executive Directors of the Company was determined at the Annual General Meeting held on 18 November 2010 to be no more than $500,000.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Non-Executive Director, the Company may remunerate that Non-Executive Director by payment of a fixed sum determined by the Directors in addition to the remuneration referred to above. A Non-Executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Directors' or General Meetings of the Company or otherwise in connection with the business of the Consolidated Entity.

The remuneration of Non-Executive Directors for the year ended 30 June 2019 is detailed in Table 1 of this Remuneration Report.

Executive Directors and Senior Executive Remuneration

The Company aims to reward the Executive Directors and Senior Executive with a level and mix of remuneration commensurate with their position and responsibilities within the Consolidated Entity and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Consolidated Entity; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Executive is agreed by the Remuneration Committee. The remuneration will comprise a fixed remuneration component and also may include offering specific short and long-term incentives, in the form of:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term performance incentives; and
- other remuneration such as superannuation and long service leave.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations. Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

The short-term incentives program ("STI") has been set to align the targets of the operating segments with the targets of the responsible executives. STI payments are granted to Executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and portfolio management.

The long-term incentives programme ("LTI") has been set to align the targets of the Consolidated Entity's five-year plan with the targets of the responsible executives. LTI payments will be granted to the Senior Executives based on specific 5 year targets being achieved. Those targets include earnings growth rate; the services division market share, arrears and termination rates; home loan and personal loan portfolio growth, arrears and bad debts; client complaint levels and employee satisfaction levels. Subject to the Board being reasonably satisfied that the above indicators have been achieved, the Senior Executives will be eligible for a payment of up to $500,000.

The remuneration of the Executive Directors and Senior Executive for the year ended 30 June 2019 is detailed in Table 1 of this Remuneration Report.

A Securities Trading Policy has been adopted for Directors' and employees' dealings in the Company's securities.

Directors' Report cont.

For the year ended 30 June 2019

Remuneration Report (Audited) cont.

Employment contracts

It is the Board's policy that employment agreements are entered into with the Executive Directors, Senior Executive and employees. Employment contracts are for no specific fixed term unless otherwise stated.

Executive Directors and Senior Executive

The employment contracts entered into with the Executive Directors and Senior Executive contain the following key terms:

Event	Company Policy
Performance based salary increases and/or bonuses	Board assessment based on KPI achievement
Short-term incentives	Board assessment based on KPI achievement
Long-term incentives	Board assessment based on 5 year plan achievement
Resignation/notice period	Three months
Serious misconduct	Company may terminate at any time
Payouts upon resignation or termination, outside industrial regulations (i.e. 'golden handshakes')	Board discretion

(a) Details of Directors and Key Management Personnel

(i) Non-Executive Directors

Sam Doumany	Non-Executive Chairman	David Bower	Non-Executive Director
Stan Kalinko	Non-Executive Director		

(ii) Executive Directors

Tim Odillo Maher	Executive Director	Deborah Southon	Executive Director

(iii) Senior Executive

Cellina Chen — Chief Financial Officer/Company Secretary

The Executive Directors and the Senior Executive comprise the Key Management Personnel of the Consolidated Entity.

(b) Remuneration of Directors and Key Management Personnel

Table 1

	Short-term			Long-term	Post-Employment	Total	Performance based
	Salary & Fees	Cash Bonus	Non-cash benefits	Non-cash benefits	Superannuation and other benefits		
	$	$	$	$	$	$	%
Non-Executive Directors							
Sam Doumany							
2019	**145,125**	–	–	–	**13,787**	**158,912**	–
2018	135,779	–	–	–	12,899	148,678	–
Stan Kalinko							
2019	**91,375**	–	–	–	**8,680**	**100,055**	–
2018	85,490	–	–	–	8,122	93,612	–
David Bower							
2019	**75,249**	–	–	–	**7,149**	**82,398**	–
2018	70,404	–	–	–	6,688	77,092	–
Executive Directors							
Tim Odillo Maher							
2019	**547,500**	***325,000**	–	–	–	**872,500**	**37%**
2018	547,500	325,000	–	–	–	872,500	37%
Deborah Southon							
2019	**522,500**	***325,000**	****32,264**	**8,732**	**25,000**	**913,496**	**36%**
2018	522,500	325,000	(12,317)	10,850	25,000	871,033	37%
Senior Executive							
Cellina Chen							
2019	**227,842**	**^130,000**	****33,171**	**4,179**	**20,531**	**415,723**	**31%**
2018	194,180	115,000	45,772	892	18,778	374,622	31%
Total Remuneration							
2019	**1,609,591**	**780,000**	**65,435**	**12,911**	**75,147**	**2,543,084**	
2018	1,555,853	765,000	33,455	11,742	71,487	2,437,537	

* Bonus (representing 100% of the total bonus to be paid) was paid to Tim Odillo Maher and Deborah Southon in relation to the performance during financial year 2018. The bonus was approved by the Board as part of discretionary performance based remuneration. The Executive Directors abstained from the vote.

^ Bonus (representing 100% of the total bonus to be paid) was in relation to the performance during financial year 2018. The bonus was approved by the Board as part of discretionary performance based remuneration.

** Annual leave and long service leave accrual movement has been included in the non-cash benefits above.

Bonus in relation to current financial year performance will be paid in the subsequent financial year with an estimated range of:

Executive Directors: Tim Odillo Maher: $250,000 – $350,000 Deborah Southon: $250,000 – $350,000

Senior Executive: Cellina Chen: $75,000 – $150,000

Directors' Report cont.

For the year ended 30 June 2019

Remuneration Report (Audited) cont.

Consolidated Entity's earnings and movement in shareholder's wealth for the last five years is as follows:

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Operating income for financial years prior to the adoption of AASB 15	**–**	–	$70,630,226	$62,078,752	$69,619,295
Operating income for financial years which reflect the adoption of AASB 15	**$69,742,110**	$66,155,145	–	–	–
Net profit before tax for financial years prior to the adoption of AASB 15	**–**	–	$23,492,625	$16,842,459	$22,443,940
Net profit before tax for financial years which reflect the adoption of AASB 15	**$22,164,979**	$19,670,917	–	–	–
Net profit and other comprehensive income after tax attributable to members for financial years prior to the adoption of AASB 15	**–**	–	$15,116,886	$13,478,685	$14,688,253
Net profit and other comprehensive income after tax attributable to members for financial years which reflect the adoption of AASB 15	**$14,411,166**	$12,606,598	–	–	–
Share price at the start of the year	**$1.40**	$1.36	$1.01	$1.27	$1.23
Share price at the end of the year	**$1.02**	$1.40	$1.36	$1.01	$1.27
Dividends declared for the year	**6.00c**	7.00c	7.00c	7.00c	6.50c
Basic EPS (cents) for financial years prior to the adoption of AASB 15	**–**	–	12.08	10.78	11.74
Basic EPS (cents) for financial years which reflect the adoption of AASB 15	**11.52**	10.08	–	–	–
Diluted EPS (cents)	**–**	–	12.08	10.78	11.74
Diluted EPS (cents)	**11.52**	10.08	–	–	–

AASB 15 was adopted from 1 July 2018. 30 June 2018 comparative have been restated. As permitted by AASB, comparatives prior to this have not been restated.

A review of bonuses paid to the Executive Directors and Senior Executive over the previous five years is consistent with the operational performance of the Consolidated Entity in those periods.

(c) Options issued as part of remuneration for the year ended 30 June 2019

There were no options issued as part of remuneration during or since the end of the financial year.

(d) Shares issued on exercise of remuneration options

There were no shares issued on the exercise of remuneration options during or since the end of the financial year.

(e) Option holdings of Directors and Key Management Personnel

There were no options held by Directors or Key Management Personnel.

(f) Shareholdings of Directors and Key Management Personnel

Shares held in FSA Group Ltd	Balance 1 July 2018	Purchased on market	Other Changes	Balance 30 June 2019
Directors				
Sam Doumany	1,100,000	–	–	1,100,000
Tim Odillo Maher	42,809,231	–	–	42,809,231
Deborah Southon	12,960,047	–	–	12,960,047
Stan Kalinko	120,000	–	–	120,000
David Bower	90,800	–	–	90,800
Senior Executive				
Cellina Chen	–	–	–	–
Total	57,080,078	–	–	57,080,078

(g) Loans to Directors and Key Management Personnel

There were no loans to Directors or Key Management Personnel during the year.

(h) Other transactions with Directors and Key Management Personnel and related parties

During the year the Consolidated Entity purchased supplies from the Ethan Group Pty Ltd, a company which is associated with Mr Tim Odillo Maher. The total amount purchased was $7,320 (2018: $23,889). The supplies were purchased on normal commercial terms.

(i) Voting and comments made at the Company's 2018 Annual General Meeting ("AGM")

At the 2018 AGM, 99.54% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

This concludes the Remuneration Report which has been audited.

Directors' Meetings

The number of meetings held and attended by each Director during the year is as follows:

	Number of meetings held while in office	Meetings attended
Sam Doumany	8	8
Tim Odillo Maher	8	8
Deborah Southon	8	8
Stan Kalinko	8	8
David Bower	8	8
Total number of meetings held during the financial year	8	

Directors' Report cont.

For the year ended 30 June 2019

Audit & Risk Management Committee Meetings

The number of meetings held and attended by each member during the year is as follows:

	Number of meetings held while in office	Meetings attended
Sam Doumany	2	2
Stan Kalinko	2	2
David Bower	2	2
Total number of meetings held during the financial year	2	

Remuneration Committee Meetings

The number of meetings held and attended by each member during the year is as follows:

	Number of meetings held while in office	Meetings attended
Sam Doumany	2	2
Stan Kalinko	2	2
David Bower	2	2
Total number of meetings held during the financial year	2	

Proceedings on behalf of the Company

No proceedings have been brought, or intervened in, on behalf of FSA Group Limited, nor has any application for leave been made in respect of FSA Group Limited under section 237 of the *Corporations Act 2001*.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit & Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The following fees for non-audit services were paid/payable to the external auditors, BDO East Coast Partnership, during the year ended 30 June 2019:

Tax compliance services	$69,975
Taxation advice and consulting	$43,955
Other training and consulting	$8,960

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of the Directors Report and can be found on page 24.

Auditor Details

BDO East Coast Partnership continues in office in accordance with section 327(4) of the *Corporations Act 2001*.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of FSA Group Limited are committed to achieving and demonstrating the highest standards of corporate governance. The Board endorses the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles). The Company's Corporate Governance Charter and a statement of Corporate Governance are available on the Company website www.fsagroup.com.au.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.

Tim Odillo Maher
Executive Director

Sydney
22 August 2019

Auditor's Independence Declaration

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF FSA GROUP LIMITED

As lead auditor of FSA Group Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of FSA Group Limited and the entities it controlled during the period.

Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 22 August 2019

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	Consolidated Entity 2019 $	2018 $
Revenue and other income			
Fees from services	6	**47,489,297**	48,202,802
Finance income	6	**39,466,776**	33,220,328
Finance expense	6	**(17,213,963)**	(15,190,637)
Net finance income	6	**22,252,813**	18,029,691
Other losses		**–**	(77,348)
Total operating income		**69,742,110**	66,155,145
Marketing expenses		**(9,466,078)**	(8,402,986)
Administrative expenses		**(6,204,682)**	(6,720,917)
Operating expenses		**(31,279,886)**	(31,596,241)
Unrealised (loss) or gains on fair value movement of derivatives		**(626,485)**	235,916
Expenses from continuing operations		**(47,577,131)**	(46,484,228)
Profit before income tax		**22,164,979**	19,670,917
Income tax expense	10a	**(6,707,505)**	(6,017,678)
Profit after income tax		**15,457,474**	13,653,239
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the year		**15,457,474**	13,653,239
Total profit for the year and total comprehensive income for the year attributable to:			
Non-controlling interests		**1,046,308**	1,046,642
Members of the parent		**14,411,166**	12,606,597
Net profit for the year		**15,457,474**	13,653,239

Earnings per share

Basic earnings per share (cents per share)	11	**11.52**	10.08
Diluted earnings per share (cents per share)	11	**11.52**	10.08

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

The results for the year ended 30 June 2018 have been restated as outlined in Note 3.

Statement of Financial Position

as at 30 June 2019

	Notes	Consolidated Entity 2019 $	2018 $
Current Assets			
Cash and cash equivalents	16	**3,303,166**	2,567,378
Trade and other receivables	4	**22,077,714**	18,540,392
Other assets		**665,635**	511,498
Total Current Assets		**26,046,515**	21,619,268
Non-Current Assets			
Trade and other receivables	4	**8,771,602**	9,572,304
Investments		**385**	385
Plant and equipment		**529,440**	737,699
Deferred tax assets	10c	**958,720**	2,402
Intangible assets	20	**2,689,888**	2,208,659
Total Non-Current Assets		**12,950,035**	12,521,449
Financing Assets			
Personal loan cash and cash equivalents	16	**2,414,087**	281,803
Home loan cash and cash equivalents	16	**6,356,612**	6,950,134
Personal loan assets	5	**59,402,449**	47,614,307
Home loan assets financed by non-recourse financing liabilities	5	**381,636,117**	360,263,910
Total Financing Assets		**449,809,265**	415,110,154
Total Assets		**488,805,815**	449,250,871
Current Liabilities			
Trade and other payables	12	**6,504,759**	4,919,814
Contract liabilities	23	**490,481**	304,470
Current tax liabilities	10	**2,129,633**	1,618,343
Borrowings	13	**1,024,869**	954,775
Provisions	22	**2,293,985**	2,242,084
Derivatives	19	**630,827**	–
Total Current Liabilities		**13,074,554**	10,039,486
Non-Current Liabilities			
Contract liabilities	23	**790,427**	1,545,479
Provisions	22	**443,859**	510,147
Deferred tax liabilities	10d	**2,676,565**	1,278,506
Derivatives	19	**716,326**	681,011
Total Non-Current Liabilities		**4,627,177**	4,015,143
Financing Liabilities			
Borrowings to finance personal loan assets	13	**45,919,619**	37,321,732
Non-recourse borrowings to finance home loan assets	13	**371,072,085**	351,084,047
Total Financing Liabilities		**416,991,704**	388,405,779
Total Liabilities		**434,693,435**	402,460,408
Net Assets		**54,112,380**	46,790,463
Equity			
Share capital	24	**6,707,233**	6,707,233
Retained earnings		**44,247,880**	37,342,271
Total equity attributable to members of the parent		**50,955,113**	44,049,504
Non-controlling interest		**3,157,267**	2,740,959
Total Equity		**54,112,380**	46,790,463

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Balances as at 30 June 2018 have been restated as outlined in Note 3.

Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital $	Retained earnings $	Non-controlling interest $	Total $
Balance at 30 June 2017	**6,707,233**	**33,492,157**	**2,394,317**	**42,593,707**
Profit after income tax for the year	–	12,606,597	1,046,642	13,653,239
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	**–**	**12,606,597**	**1,046,642**	**13,653,239**
Transactions with owners in their capacity as owners:				
Dividends paid	–	(8,756,483)	–	(8,756,483)
Distributions to non-controlling interests	–	–	(700,000)	(700,000)
Balance at 30 June 2018	6,707,233	37,342,271	2,740,959	46,790,463
Profit after income tax for the year	–	14,411,166	1,046,308	15,457,474
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	14,411,166	1,046,308	15,457,474
Transactions with owners in their capacity as owners:				
Dividends paid	–	(7,505,557)	–	(7,505,557)
Distributions to non-controlling interests	**–**	**–**	**(630,000)**	**(630,000)**
Balance at 30 June 2019	**6,707,233**	**44,247,880**	**3,157,267**	**54,112,380**

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Opening retained earnings as at 30 June 2017 and profit after income tax for the year ended 30 June 2018 have been restated as outlined in Note 3.

Statement of Cash Flows

For the year ended 30 June 2019

		Consolidated Entity	
		2019 $	2018 $
	Notes	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**46,556,452**	45,136,635
Payments to suppliers and employees		**(46,090,053)**	(44,019,241)
Finance income received		**39,322,444**	33,032,387
Finance cost paid		**(17,204,093)**	(14,545,345)
Income tax paid		**(5,504,295)**	(5,093,005)
Net cash inflow from operating activities	16	**17,080,455**	14,511,431
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(89,008)**	(461,126)
Acquisition of intangibles		**(570,534)**	(638,783)
Net increase in home loan assets		**(21,748,188)**	(54,135,802)
Net increase in personal loan assets		**(12,916,270)**	(13,144,401)
Net decrease/(increase) in other loans		**7,500**	(7,501)
Net cash outflow from investing activities		**(35,316,500)**	(68,387,613)
Cash flows from financing activities			
Net receipt of borrowings		**28,646,152**	64,063,386
Payment of distributions to non-controlling Interests		**(630,000)**	(700,000)
Dividends paid to company's shareholders		**(7,505,557)**	(8,756,483)
Net cash inflow from financing activities		**20,510,595**	54,606,903
Net decrease in cash and cash equivalents		**2,274,550**	730,721
Cash and cash equivalents at the beginning of the financial year		**9,799,315**	9,068,594
Cash and cash equivalents at the end of the financial year	17	**12,073,865**	9,799,315

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1. Summary of significant accounting policies

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

The financial statements were authorised for issue by the Directors on 22 August 2019.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period – refer to Note 3.

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

Basis of preparation

The financial statements are presented in Australian dollars and rounded to the nearest dollar.

Reporting basis and conventions

FSA Group Limited and its controlled entities is a for-profit listed public company (ASX: FSA), incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of FSA Group Limited ("Company" or "parent entity") as at 30 June 2019 and the results of all subsidiaries for the year then ended. FSA Group Limited and its subsidiaries together are referred to in these financial statements as the "Consolidated Entity".

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity of the Consolidated Entity.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 1. Summary of significant accounting policies cont.

Goods & Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. Where not recoverable, GST is recognised as part of the acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST, except receivables on debt agreement administration fees are exclusive of GST. The Consolidated Entity is liable for GST when the consideration for the debt agreement administration service provided is received, and recognises the GST liability at this point.

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

Comparative figures

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

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions about future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities in the next annual reporting period are:

- Impairment of debt agreement receivables – refer to Note 4
- Impairment of loans – refer to Note 5

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2019. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 16 *Leases*

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

The Consolidated Entity has commenced its assessment of the implication of adopting this Standard will not be significant.

Note 2. Critical accounting judgements, estimates and assumptions

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

Revenue from contracts with customers

The key performance obligation of the Consolidated Entity in relation to the contract with the customer is considered to be transferring the value of services to that customer and their related stakeholders. These services are a series of distinct services that are substantially the same; therefore, the revenue is recognised using an output method based on the number of months' services to be provided over the term of the contract.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates, adjusted for current conditions and forward looking information that is available without undue cost or effort.

Provision for impairment of trade receivables

The provision for impairment of trade receivables assessment requires a degree of estimation and judgement. The level of the provision is assessed on a collective (portfolio) basis based on historical collections data and loss incurred. Considering the length of time it takes to collect debts in administration and the inherent uncertainty over the collection of these amounts, this method represents management's best estimate of the recoverability of debtors in the Services segment.

Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Income tax

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

As discussed in Note 1, 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.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 3. Restatement of comparatives – adoption of new Accounting Standards

Adoption of AASB 9 *Financial Instruments*

The Consolidated Entity adopted this Standard from 1 July 2018 and the impact on the financial performance or position of the Consolidated Entity is immaterial.

The Standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely payments of principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

The Consolidated Entity's financial assets continue to be recognised and measured under a policy of amortised cost. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance against these financial assets. Impairment is measured by the Consolidated Entity using the full lifetime ECL method.

Adoption of AASB 15 *'Revenue from Contracts with Customers'*

The Consolidated Entity adopted this Standard on 1 July 2018.

The Standard provides a single model for revenue recognition. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

Debt agreement treatment in previous years

Previously, revenue from debt agreements was recognised in accordance with the proportion of services provided throughout the administration period, using a cost plus margin method.

The asset recognised in previous years was recognised and measured as a financial asset, together with a deferred tax liability arising from taxable temporary differences.

Debt agreement contract analysis under AASB 15

A summary of the Consolidated Entity's findings is as follows:

a) Under the Bankruptcy Act 1966, the administrator has the legal obligation to act on behalf of the debtor and creditors. The debt agreement meets the definition of a contract and the debtor is the Consolidated Entity's customer.

b) The administrators' obligations are owed to both the debtor and creditors. As an administrator, the service activities include setting up the debt agreement, managing and collecting debtor payments and agreement variations, calculating and distributing dividends to creditors and periodic reporting to creditors and the Australian Financial Security Authority.

c) These service represent a series of distinct services that are substantially the same and the revenue is recognised using an output method based on the numbers of months' service to be provided over the term of the contract. This method is a better representation of the value transfer to the debtor and does not skew the recognition of revenue based on the Consolidated Entity's set up costs at the commencement of the arrangement.

d) The treatment of the debt arrangement as a series of services that are substantially the same brings the recognition of revenue for these arrangements substantially in line with the pattern of collection of cash from the debtor's monthly payments at a pro-rata agreed percentage. The recognition of the large debt agreement administration fee receivable is materially reduced.

Application of new approach under AASB 15:

In applying the new revenue recognition approach under AASB 15, the following apply:

a) When a debtor pays in advance of their monthly payment, the Consolidated Entity recognises a Contract Liability in the Statement of Financial Position to recognise the collection of an amount that represents the obligation to provide the future monthly services associated with the advance collection.

b) When a debtor is behind on their monthly payment, and the administrator has satisfied its performance obligations for the month and therefore is entitled to recognise its fee as revenue but is unable to recover it. The Consolidated Entity recognises a Trade Receivable in the Statement of Financial Position.

Comparative information:

The Consolidated Entity is of the opinion that the consolidated financial statements can only be comparable if adjustments arising from the first time application of AASB 15 are retrospectively presented in the financial statements.

Therefore, the Consolidated Entity has adjusted comparative information in these financial statements and has reconciled the amounts with those presented previously below:

	Under previous accounting policies 30 June 2018	Adjustment on adoption of AASB 15	Restated 30 June 2018
Continuing Operations			
Services Revenue	56,575,098	(8,372,296)	48,202,802
Finance Revenue	33,220,328	–	33,220,328
Less Finance Costs	(15,190,637)	–	(15,190,637)
Net Revenue	**74,604,789**	**(8,372,296)**	**66,232,493**
Other gains/(losses)	(77,348)	–	(77,348)
Expenses			
Marketing expenses	(8,402,986)	–	(8,402,986)
Administrative expenses	(2,768,639)	–	(2,768,639)
Net bad and doubtful debts expense	(7,445,317)	3,493,039	(3,952,278)
Operating expenses	(4,592,905)	–	(4,592,905)
Employee benefits expense	(27,003,336)	–	(27,003,336)
Unrealised loss or (gains) on fair value movement of derivatives	235,916	–	235,916
Total Expenses	**(49,977,267)**	**3,493,039**	**(46,484,228)**
Profit before Income tax expense	**24,550,175**	**(4,879,257)**	**19,670,917**
Income tax expense	(7,384,550)	1,366,872	(6,017,678)
Profit after tax	**17,165,624**	**(3,512,385)**	**13,653,239**
Gain on disposal of financial assets, net of tax	–	–	–
Total comprehensive income for the year	**17,165,624**	**(3,512,385)**	**13,653,239**
Profit attributable to minority Interests	1,046,642	–	1,046,642
Profit attributable to members of the parent	16,118,982	(3,512,385)	12,606,597
Earnings per share			
Basic earnings per share (cents per share)	12.89	(2.81)	10.08
Diluted earnings per share (cents per share)	12.89	(2.81)	10.08

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 3. Restatement of comparatives cont.

	Under previous accounting polices 1 July 2017	Adjustment on adoption of AASB 15	Restated 1 July 2017
CURRENT ASSETS			
Cash assets	4,193,401	–	4,193,401
Receivables	36,527,421	(19,749,524)	16,777,897
Other	806,778	–	806,778
TOTAL CURRENT ASSETS	**41,527,600**	**(19,749,524)**	**21,778,076**
NON-CURRENT ASSETS			
Receivables	45,004,628	(36,445,384)	8,559,244
Investment in associate	385	–	385
Plant and equipment	527,824	–	527,824
Deferred tax asset	5,889	–	5,889
Intangibles	2,018,008	–	2,018,008
TOTAL NON-CURRENT ASSETS	**47,556,734**	**(36,445,384)**	**11,111,350**
FINANCING ASSETS			
Personal loan cash and cash equivalents	129,701	–	129,701
Home loan cash and cash equivalents	4,745,492	–	4,745,492
Personal loan assets	35,257,582	–	35,257,582
Home loan assets financed by non-recourse financing liabilities	306,329,792	–	306,329,792
TOTAL FINANCING ASSETS	**346,462,567**	**–**	**346,462,567**
TOTAL ASSETS	**435,546,901**	**(56,194,908)**	**379,351,993**
CURRENT LIABILITIES			
Payables	5,092,257	(24,860)	5,067,397
Contract liability – Current	–	307,306	307,306
Tax Liability	755,720	–	755,720
Borrowings	681,389	–	681,389
Provisions	2,117,272	–	2,117,272
TOTAL CURRENT LIABILITIES	**8,646,638**	**282,446**	**8,929,084**
NON-CURRENT LIABILITIES			
Contract Liability – non current	–	1,052,258	1,052,258
Provisions	669,588	–	669,588
Deferred tax liabilities	18,078,416	(16,858,472)	1,219,944
Derivatives	916,927	–	916,927
TOTAL NON-CURRENT LIABILITIES	**19,664,931**	**(15,806,214)**	**3,858,717**
FINANCING LIABILITIES			
Borrowings to finance personal loan assets	27,028,411	–	27,028,411
Non-recourse borrowings to finance home loan assets	296,942,075	–	296,942,075
TOTAL FINANCING LIABILITIES	**323,970,486**	**–**	**323,970,486**
TOTAL LIABILITIES	**352,282,055**	**(15,523,768)**	**336,758,287**
NET ASSETS	**83,264,846**	**(40,671,140)**	**42,593,706**
EQUITY			
Share Capital	6,707,233	–	6,707,233
Retained earnings	74,163,296	(40,671,140)	33,492,156
Minority Interests	2,394,317	–	2,394,317
TOTAL EQUITY	**83,264,846**	**(40,671,140)**	**42,593,706**

	Under previous accounting policies 30 June 2018	Adjustment on adoption of AASB 15	Restated 30 June 2018
CURRENT ASSETS			
Cash assets	2,567,378	–	2,567,378
Receivables	39,549,682	(21,009,291)	18,540,392
Other	511,499	–	511,498
TOTAL CURRENT ASSETS	**42,628,559**	**(21,009,291)**	**21,619,268**
NON-CURRENT ASSETS			
Receivables	49,159,429	(39,587,124)	9,572,304
Investment in associate	385	–	385
Plant and equipment	737,699	–	737,699
Deferred tax asset	2,402	–	2,402
Intangibles	2,208,659	–	2,208,659
TOTAL NON-CURRENT ASSETS	**52,108,574**	**(39,587,124)**	**12,521,449**
FINANCING ASSETS			
Personal loan cash and cash equivalents	281,803	–	281,803
Home loan cash and cash equivalents	6,950,134	–	6,950,134
Personal loan assets	47,614,307	–	47,614,307
Home loan assets financed by non-recourse financing liabilities	360,263,910	–	360,263,910
TOTAL FINANCING ASSETS	**415,110,154**	**–**	**415,110,154**
TOTAL ASSETS	**509,847,287**	**(60,596,415)**	**449,250,871**
CURRENT LIABILITIES			
Payables	4,957,555	(37,741)	4,919,814
Contract liability – Current	–	304,470	304,470
Tax Liability	1,618,343	–	1,618,343
Borrowings	954,775	–	954,775
Provisions	2,242,084	–	2,242,084
TOTAL CURRENT LIABILITIES	**9,772,758**	**266,729**	**10,039,486**
NON-CURRENT LIABILITIES			
Contract Liability – non current		1,545,480	1,545,479
Provisions	510,147	–	510,147
Deferred tax liabilities	19,503,852	(18,225,345)	1,278,506
Derivatives	681,011	–	681,011
TOTAL NON-CURRENT LIABILITIES	**20,695,010**	**(16,679,865)**	**4,015,143**
FINANCING LIABILITIES			
Borrowings to finance personal loan assets	37,321,732	–	37,321,732
Non-recourse borrowings to finance home loan assets	351,084,046	–	351,084,047
TOTAL FINANCING LIABILITIES	**388,405,778**	**–**	**388,405,779**
TOTAL LIABILITIES	**418,873,545**	**(16,413,136)**	**402,460,408**
NET ASSETS	**90,973,742**	**(44,183,279)**	**46,790,463**
EQUITY			
Share Capital	6,707,233	–	6,707,233
Retained earnings	81,525,550	(44,183,279)	37,342,271
Minority Interests	2,740,959		2,740,959
TOTAL EQUITY	**90,973,742**	**(44,183,279)**	**46,790,463**

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 4. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment using the expected credit loss method.

Collectability of trade receivables is reviewed on an ongoing basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that a trade receivable may be impaired. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. Receivables that are not individually impaired are included in a portfolio for the purpose of applying the expected credit loss model. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to receivables are not discounted if the effect of discounting is immaterial.

Debt agreement receivables

Debt agreement receivables are receipted on a pro rata basis, in parity with other parties to the debt agreement throughout the debt agreement administration period which is generally 2 to 5 years.

Impairment of debt agreement receivables is assessed on a collective (portfolio) basis based on historical collections data and loss incurred. Impairment is provided for and recorded in a separate allowance account. Amounts are written off against this account as bad when there is no practical likelihood of recovery (e.g. when debt agreements are terminated by creditors).

Bankruptcy receivables

Bankruptcy receivables are receipted on a pro rata basis, in accordance with statutory approval of trustee remuneration, throughout the administration period which is approximately 3 years.

The recoverability of bankruptcy receivables is assessed on both collective (portfolio) basis based on historical loss incurred and also adjusted by individual matter assessment on an ongoing basis. Amounts are written off against this account, when the Consolidated Entity has no realistic possibility of recovery.

Other trade and sundry receivables

Other receivables are recognised at amortised cost, less any provision for impairment. Other trade and sundry receivables are generally on 30 day terms.

Impairment of other trade and sundry receivables is assessed on an individual basis with regard to the credit quality of the debtor, payment history and any other information available. These debtors are assessed as being in arrears where they do not pay on their invoice terms and where the terms of this payment have not been re-negotiated.

	Consolidated Entity	
	2019 $	2018 $
Current		
Trade receivables	**23,681,950**	20,358,085
Allowance for expected credit losses	**(1,901,952)**	(2,112,325)
	21,779,998	18,245,760
Sundry receivables	**297,716**	294,632
	22,077,714	18,540,392
Non-current		
Trade receivables	**8,958,179**	9,724,110
Allowance for expected credit losses	**(186,577)**	(151,806)
	8,771,602	9,572,304
Total	**30,849,316**	28,112,696
The movement in the allowance for expected credit losses		
Opening balance	**2,264,131**	1,743,230
Provision for impairment recognised	**1,172,532**	1,562,107
Unused provision reversed	**(77,347)**	(100,463)
Bad debts	**(1,270,787)**	(940,743)
Closing balance	**2,088,529**	2,264,131

Some amounts have been written off as bad debts during the year, as incurred and were not provided for. These are included in the Statement of Profit or Loss and Other Comprehensive Income. The additional provision amount in this reconciliation will therefore not agree to the impairment in value amount disclosed in Note 7 of the Financial Statements.

Ageing analysis

	Consolidated Entity					
	2019			2018		
	Gross $	Allowance $	Net $	Gross $	Allowance $	Net $
Trade and other receivables						
Not past due	**25,864,506**	**(933,466)**	**24,931,040**	25,240,175	(1,580,026)	23,660,149
Past due 0-30 Days	**350,750**	**(5,089)**	**345,661**	170,668	(32,735)	137,933
Past due 31-60 Days	**87,608**	**(5,760)**	**81,848**	131,587	(4,776)	126,811
Past due 61-90 Days	**152,958**	**(8,632)**	**144,326**	72,235	(3,398)	68,837
Past 90 Days	**6,482,023**	**(1,135,582)**	**5,346,441**	4,762,162	(643,196)	4,118,966
Total	**32,937,845**	**(2,088,529)**	**30,849,316**	30,376,827	(2,264,131)	28,112,696

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 5. Financing assets

Loans at amortised cost

Loans comprise personal loan and home loan assets. Loans arise when a personal loan or home loan is originated in the Statement of Financial Position. These are accounted for at amortised cost using the effective interest method, less a provision for impairment using the expected credit loss method.

Impairment

Provisions are established after considering the estimates of the fair value of the collateral taken and recorded in a separate allowance account. Amounts are written off against the account as bad after management establishes amounts which will not be recovered from available evidence.

(a) Home loan assets

	Consolidated Entity	
	2019 $	**2018 $**
Non-securitised home loan assets	**381,953,238**	360,433,372
Provision for impairment	**(317,121)**	(169,462)
	381,636,117	360,263,910
Maturity analysis		
Amounts to be received in less than 1 year	**7,022,503**	6,580,682
Amounts to be received in greater than 1 year	**374,930,735**	353,852,690
	381,953,238	360,433,372
The movement in the provision for impairment		
Opening balance	**169,462**	365,536
Increase in provision	**426,130**	290,680
Bad debts	**(278,471)**	(486,754)
Closing balance	**317,121**	169,462

Impairment – Home loan assets

A home loan is classified as being in arrears at the reporting date on the basis of “past due” amounts. Any loan with an amount that is past due is classified as being in arrears and the total amount of the loan is recorded as in arrears. Ageing of arrears is determined by dividing total arrears over instalment amount and multiplying this by the instalment frequency. An impairment loss is recognised if the total expected recoveries in regard to an individual loan do not exceed the home loan balance. In the event that actual or expected sales proceeds do not exceed the home loan balance, this difference and any realisation costs would equal the impairment loss. Total recoveries include expected or actual net sales proceeds resulting from enforced sale of property security.

To apply the expected credit loss method impairment has been assessed on a collective portfolio basis with primary regard to the underlying equity in the home loan security for the loans receivable and also with regard to the credit quality of the debtor, payment history and any other information available, such as forward looking information that is available without undue cost of effort. Portfolios are determined based on geographical factors and the date of origination of the receivables.

At reporting date, the Consolidated Entity had registered mortgages over real property (comprising of residential land and buildings) for each of the home loan receivables. The weighted average loan to valuation ratio (at the fair values of the underlying real property securities) at reporting date was 66.89% (2018: 67.07%). The valuations of the underlying property securities have been obtained at the later of the original loan application or subsequent loan variation date and do not take into account any other realisation costs.

Ageing analysis – Home loan assets

	Consolidated Entity					
	2019			2018		
	Gross $	Allowance $	Net $	Gross $	Allowance $	Net $
Not past due	**345,852,009**	**(287,147)**	**345,564,862**	331,109,893	–	331,109,893
Past due 0-30 Days	**30,687,965**	**(25,479)**	**30,662,486**	24,432,422	–	24,432,422
Past due 31-60 Days	**2,734,709**	**(2,271)**	**2,732,438**	3,116,061	–	3,116,061
Past due 61-90 Days	**1,327,997**	**(1,103)**	**1,326,894**	402,608	(38,967)	363,641
Past 90 Days	**1,350,558**	**(1,121)**	**1,349,437**	1,372,388	(130,495)	1,241,893
Total	**381,953,238**	**(317,121)**	**381,636,117**	360,433,372	(169,462)	360,263,910

(b) Personal loan assets

	2019 $	2018 $
Personal loan assets	**60,808,327**	48,347,044
Provision for impairment	**(1,405,878)**	(732,737)
	59,402,449	47,614,307
Maturity analysis		
Amounts to be received in less than 1 year	**12,386,996**	7,899,362
Amounts to be received in greater than 1 year	**48,421,331**	40,447,682
	60,808,327	48,347,044
The movement in the provision for impairment		
Opening balance	**732,737**	126,907
Provision for impairment recognised	**1,220,288**	854,845
Bad debts	**(547,147)**	(249,015)
Closing balance	**1,405,878**	732,737

Impairment – Personal loan assets

Impairment has been assessed on a collective portfolio basis with primary regard to the underlying equity in the personal loan security for each of the loans receivable and also with regard to the credit quality of the debtor, payment history and any other information available, such as forward looking information that is available without undue cost or effort. Portfolios are determined on risk grade bands.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 5. Financing assets cont.

Ageing analysis – Personal loan assets

	Consolidated Entity					
	2019			2018		
	Gross $	Allowance $	Net $	Gross $	Allowance $	Net $
Not past due	55,892,504	(293,954)	55,598,550	45,842,942	(193,065)	45,649,877
Past due 0-30 Days	2,875,080	(15,127)	2,859,953	1,752,731	(7,382)	1,745,349
Past due 31-60 Days	945,791	(267,944)	677,847	342,403	(199,520)	142,883
Past due 61-90 Days	363,207	(218,536)	144,671	134,057	(93,865)	40,192
Past 90 Days	731,745	(610,317)	121,428	274,911	(238,905)	36,006
Total	60,808,327	(1,405,878)	59,402,449	48,347,044	(732,737)	47,614,307

Note 6. Revenue and other comprehensive income net of finance expense

Revenue recognition

The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The following specific recognition criteria must also be met before revenue is recognised:

Personal Insolvency

When the outcome of a contract to provide services under the Bankruptcy Act can be estimated reliably, revenue is recognised by reference to the right to be compensated for services and where the stage of completion of the service can be reliably estimated, specifically:

Debt agreement application fees

Revenue is recognised upon the completion of preparing the debt agreement proposal for consideration by the creditors and the Australia Financial Security Authority.

Debt agreement administration fees

The debt agreement service activities include setting up the debt agreement, managing and collecting debtor payments and agreement variations, calculating and distributing dividends to creditors and periodic reporting to creditors and the Australian Financial Security Authority. These service represent a series of distinct services that are substantially the same and the revenue is recognised using an output method based on the numbers of months' service to be provided over the term of the contract.

Trustee fees – bankruptcy and personal insolvency agreements

Trustee fees are recognised as work in progress and time billed. Fee income is recognised when services are provided throughout the administration period and fees are expected to be recovered.

Refinance fees

When the outcome of a contract to provide services can be estimated reliably, either upon receipt of upfront fees and subsequent trail commission.

Finance income and costs

Interest

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method. The effective interest method is the method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability (which includes, where applicable, the unamortised balance of transaction costs).

Finance fee income

Finance fee income is recognised in either of two ways, either upfront where the fee represents a recovery of costs or a charge for services provided to customers (e.g. loan application fees and risk assessment fees) or, where income relates to loan origination, income is deferred and amortised over the effective life of the loan using the effective interest method.

Finance costs

Finance costs comprise interest expense on borrowings, changes in fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All finance costs are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 6. Revenue and other comprehensive income net of finance expense cont.

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated Entity	
	2019 $	2018 $
Fees from services		
– Personal insolvency	**46,213,759**	46,523,717
– Refinance broking	**661,841**	774,689
– Other services	**613,697**	904,396
Total revenue	**47,489,297**	48,202,802
Finance income		
– Interest income – personal loan assets	**9,069,352**	6,567,685
– Interest income – home loan assets	**23,745,594**	21,482,404
– Finance fee income – personal loan assets	**3,805,210**	2,626,652
– Finance fee income – home loan assets	**2,740,053**	2,446,777
– Other interest income	**106,567**	96,810
	39,466,776	33,220,328
Finance expense		
– Interest expense – personal loan facilities	**(1,058,487)**	(1,019,211)
– Interest expense – home loan facilities	**(16,155,143)**	(14,171,180)
– Interest expense – other lending facilities	**(333)**	(246)
	(17,213,963)	(15,190,637)
Net finance income	**22,252,813**	18,029,691

Fees from services from personal insolvency contracts with customers for the financial year 2018 have been restated as outlined in Note 3.

Note 7. Profit for the year

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

The useful lives used for each class of asset are:

Class of Asset	Useful life
Plant and equipment	2 to 5 years
Computers and office equipment	2 to 5 years
Furniture and fittings	2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Leases

Leases of property plant and equipment where the Consolidated Entity, as lessee, has substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged to The Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the period of the lease.

Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

	Consolidated Entity	
	2019 $	**2018 $**
Expenses		
Profit for the year has been arrived at after charging:		
Depreciation on plant and equipment	**297,267**	251,251
Amortisation of software	**89,305**	333,306
	386,572	584,557
Impairment in value – trade receivables and financing assets	**3,405,148**	3,665,878
Reversal of impairment in value – trade receivables and financing assets	**(75,511)**	(77,347)
Net impairment	**3,329,637**	3,588,531
Unrealised loss or (gains) on fair value movement in derivatives	**626,485**	(235,916)
Rental expense on operating lease	**1,614,757**	1,485,302
Employee and contractor expenses	**24,827,543**	25,117,658
Defined contribution superannuation expense	**1,707,545**	1,885,678

Note 8. Segment information

Operating segments

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same Consolidated Entity); whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. Operating segments are distinguished and presented based on the differences in providing services and providing finance products.

Identification and information about reportable segments

The Consolidated Entity's chief operating decision makers have identified three reportable segments based on the differences in providing services and providing lending products. These segments are subject to different regulatory environments and legislation. The identified reportable segments are:

- Services; including informal arrangements, debt agreements, personal insolvency agreements and bankruptcy;
- Consumer lending; including home loan lending, home loan broking and personal loan lending;
- Other/unallocated; including unrealised gain or loss on fair value movement of derivatives, parent entity services and intercompany investments, balances and transactions, which are eliminated upon consolidation.

The Consolidated Entity operates in one geographic region – Australia.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 8. Segment information cont.

Measurement

Each identified reportable segment accounts for transactions consistently with the Accounting policies mentioned above. Inter-segment transactions are highlighted as eliminated to reconcile to the profit, total assets and liabilities amounts of the Consolidated Entity. Centrally incurred costs for shared services are allocated between segments based employee numbers as a percentage of the total head count.

	Services		Consumer Lending		Other/Unallocated		Consolidated Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Revenue and Income:								
External sales	46,821,496	°47,426,619	620,059	728,600	47,742	47,583	47,489,297	48,202,802
Finance Income	11,064	11,734	39,437,525	33,141,124	18,187	67,470	39,466,776	33,220,328
Finance expense	(333)	(246)	(17,213,630)	(15,190,391)	–	–	(17,213,963)	(15,190,637)
Net Finance Income	10,731	11,488	22,223,895	17,950,733	18,187	67,470	22,252,813	18,029,691
Other gains/(losses)	–	(77,348)	–	–	–	–	–	(77,348)
Internal sales and income	900,639	913,680	–	–	10,000,000	10,000,000	10,900,639	10,913,680
Eliminations	–	–	–	–	–	–	(10,900,639)	(10,913,680)
Total Revenue and Income	47,732,866	°48,274,439	22,843,954	18,679,333	10,065,929	10,115,053	69,742,110	°66,155,145
Results:								
Segment profit before tax	11,616,192	°10,247,100	11,233,659	9,528,262	^(684,872)	^(104,445)	22,164,979	°19,670,917
Income tax (expense)/benefit	(3,508,230)	°(3,148,452)	(3,243,187)	(2,857,773)	^43,912	^(11,453)	(6,707,505)	°(6,017,678)
Profit for the year	8,107,962	°7,098,648	7,990,472	6,670,489	^(640,960)	^(115,898)	15,457,474	°13,653,239
Items included in Profit for the year								
Depreciation and amortisation	384,260	564,185	2,312	20,372	–	–	386,572	584,557
Impairment in value – trade receivables and financing assets	1,765,790	°2,526,353	1,639,358	1,145,525	–	(6,000)	3,405,148	°3,665,878
Employee and contractor expenses	20,825,742	22,129,020	5,709,346	4,874,316	–	–	26,535,088	27,003,336
Rental expense on operating lease – minimum payment	1,553,622	1,475,719	61,135	9,583	–	–	1,614,757	1,485,302
Assets:								
Segment assets	139,085,965	°125,348,346	468,829,790	430,400,430	57,852,405	59,795,678	665,768,160	°615,544,454
Eliminations **							(176,962,345)	(166,293,583)
Total assets							488,805,815	449,250,871
Included in Segment assets								
Investment in associate	–	–	–	–	385	385	385	385
Liabilities:								
Segment liabilities	133,119,394	125,690,030	436,865,689	396,450,777	33,144,705	34,709,605	603,129,788	556,850,412
Eliminations**							(168,436,353)	(154,390,004)
Total liabilities							434,693,435	402,460,408

^ includes unrealised gain or loss on fair value movement of derivatives.

** Eliminations are related to intercompany balances.

° Balances as at 30 June 2018 and results for financial year 2018 have been restated as outlined in Note 3.

Note 9. Equity – Dividends

Dividends

Dividends are recognised when declared during the financial year and at the discretion of the Company.

	Consolidated Entity	
	2019 $	**2018 $**
Fully franked final dividend for the year ended 30 June 2018 of 4.00 cents (2017: 4.00 cents) per ordinary share	**5,003,704**	5,003,704
Fully franked interim dividend for the year ended 30 June 2019 of 2.00 cents (2018: 3.00 cents) per ordinary share	**2,501,853**	3,752,779
	7,505,557	8,756,483
On 22 August 2019, the directors declared a fully franked final dividend for the year ended 30 June 2019 of 3.00 cents per ordinary share. This brings the full year dividend to 5.00 cents per year.		
Franking credits		
Franking credits available at the reporting date based on a tax rate of 30%	**16,020,026**	14,411,912
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	**2,129,633**	1,618,343
Franking credits available for subsequent financial years based on a tax rate of 30%	**18,149,659**	16,030,255

Note 10. Income tax

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-deductible items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the "balance sheet" liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

The amount of tax benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

FSA Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. As the head entity of the consolidated group and the controlled entities, FSA Group Limited continues to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The tax consolidated group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable of the consolidated group.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 10. Income tax cont.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries, nor a distribution by the subsidiaries to the head entity.

	Consolidated Entity	
	2019 $	**2018 $**
(a) Income tax expense		
Current tax expense	**6,274,363**	5,973,751
Deferred tax expense/(benefit)	**460,137**	(96,314)
(Over)/under provision for current tax payable in a prior period	**(26,995)**	140,241
	6,707,505	6,017,678
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	**(699,158)**	(371,312)
Increase in deferred tax liabilities	**1,140,898**	274,998
	441,740	(96,314)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	**22,164,979**	19,670,917
Tax at the Australian tax rate of 30% (2018: 30%)	**6,649,494**	5,901,275
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible expenses	**44,882**	32,206
Adjustment for overseas tax rates	**(2,779)**	–
	6,691,597	5,933,481
(Over)/under provision in the prior year	**166,763**	140,241
Tax Offsets	**(150,855)**	(56,044)
Income tax expense	**6,707,505**	6,017,678
(c) Deferred tax assets		
Provisions	**1,838,376**	1,617,342
Capital legal expenses	**23,563**	4,213
Accrued expenditure	**1,596,581**	912,878
Tax losses carried forward	**227**	1,138
Other	**106,598**	330,616
	3,565,345	2,866,187
Deferred tax liability offset on tax consolidation	**(2,606,625)**	(2,863,785)
Total deferred tax assets	**958,720**	2,402
(d) Deferred tax liabilities		
Temporary difference on assessable income	**5,283,190**	3,848,739
Deferred tax liability offset on tax consolidation	**(2,606,625)**	(2,570,233)
Total deferred tax liabilities	**2,676,565**	1,278,506

Note 11. Earnings per share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Consolidated Entity	
	2019 $	**2018 $**
Total Earnings per share for profit		
Total profit attributable to the members of the parent for the year ($)	**14,411,166**	12,606,598

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	**125,092,610**	125,092,610
Weighted average number of ordinary shares used in calculating diluted earnings per share	**125,092,610**	125,092,610
Basic earnings per share (cents)	**11.52**	10.08
Diluted earnings per share (cents)	**11.52**	10.08

Note 12. Trade and other payables

Trade payables and other payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

	Consolidated Entity	
	2019 $	**2018 $**
Current		
Unsecured trade payables	**1,840,130**	822,867
Employee benefits payables and accruals	**4,292,150**	3,542,686
Sundry payables and accruals	**372,479**	554,261
	6,504,759	4,919,814

Note 13. Borrowings

Personal loan facilities

A full recourse corporate facility is used to fund personal loans. At the reporting date, the drawdown limit under the corporate facility was $15 million (2018: $45 million). As at 30 June 2019, $8,057,675 (2018: $37,321,732) had been drawn down. The corporate facility is due to expire on 31 March 2021. The corporate facility is secured by a floating charge over the assets of Fox Symes Home Loans Pty Ltd and its controlled entities, and the other wholly-owned subsidiaries of FSA Group Limited. All borrowing covenants were met during the financial year.

A limited recourse note facility comprising of Senior Notes through a special purpose entity, Fox Symes Personal Loans Warehouse Trust 1 is used to fund personal loans. At the reporting date, the drawdown limit under the Senior Note facility was $75 million (2018: NIL). As at 30 June 2019, $37,800,000 (2018: NIL) had been drawn down. The facility is due to expire on 1 April 2021 with a maturity date of 1 April 2023. The facility is secured against current and future personal loan assets (refer Note 5 of the Financial Statements). All borrowing covenants were met during the year.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 13. Borrowings cont.

Home loan facilities

Non-recourse note facilities comprising of Senior and Mezzanine Notes through two special purpose entities, the Fox Symes Home Loans Warehouse Trust 1 and the FSHL Prime Warehouse Trust 1 are used to fund home loans. At the reporting date, the drawdown limit under the Senior and Mezzanine Note facilities was $375 million (2018: $375 million) and $30 million (2018: $25 million) respectively. As at 30 June 2019, $368,346,756 (2018: $323,851,990) and $25,290,052 (2018: $24,426,266) respectively had been drawn down. Also included in the year end liability is accrued interest of $2,725,329 (2018: $2,805,790).

The facilities are due to expire on 15 July 2021 with a maturity date of 15 October 2021. The facilities are secured against current and future home loan assets (refer Note 5 of the Financial Statements). All borrowing covenants were met during the year.

On the 9 July 2019, the facilities were renewed and are due to expire on 15 July 2021 with a maturity date of 15 October 2021.

	Consolidated Entity	
	2019 $	**2018 $**
Current		
Unsecured		
Credit cards	**1,024,869**	954,775
Financing Liabilities		
Secured		
Borrowings to finance personal loan assets	**8,057,675**	37,321,732
Limited recourse borrowings to finance personal loan assets	**37,861,944**	–
Non-recourse borrowings to finance home loan assets	**371,072,085**	351,084,047
	416,991,704	388,405,779
(a) Total Current, Non-Current and Financing liabilities:		
Credit cards	**1,024,869**	954,775
Borrowings to finance personal loan assets	**45,919,619**	37,321,732
Non-recourse borrowings to finance home loan assets	**371,072,085**	351,084,047
	418,016,573	389,360,554
(b) The carrying amounts of assets pledged as security are:		
Fixed charge over assets		
Personal loan assets	**61,816,536**	47,896,110
Home loan assets	**387,992,729**	367,214,044
	449,809,265	415,110,154

Note 14. Financial instruments

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Consolidated Entity's contractual rights to cash flows from the financial assets expire or the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date the Consolidated Entity commits itself to purchase or sell an asset. Financial liabilities are de-recognised if the Consolidated Entity's obligations specified in the contract expire, are discharged or cancelled.

Financial and capital risk management

The Consolidated Entity undertakes transactions in a range of financial instruments including:

- Cash and cash equivalents
- Trade and other receivables
- Personal loan assets
- Home loan assets
- Other financial assets
- Payables

Interest bearing liabilities include bank loans and secured note facilities.

These financial instruments represented in the Statement of Financial Position are categorised under AASB 9 Financial Instruments as follows:

	Consolidated Entity	
	2019 $	**2018 $**
Financial Assets at amortised cost		
Cash and cash equivalents	**3,303,166**	2,567,378
Trade and other receivables	**30,849,316**	28,112,696
Financing assets	**449,809,265**	415,110,154
Assets and receivables at amortised cost	**483,961,747**	445,790,228
Financial Liabilities at amortised cost		
Payables at amortised cost	**7,529,628**	5,874,589
Current tax liabilities	**2,129,633**	1,618,343
Financing liabilities	**416,991,704**	388,405,779
Payables at amortised cost	**426,650,965**	395,898,711
Assets and liabilities measured at fair value through profit and loss:		
Derivatives – Interest rate swap contracts	**(1,347,153)**	(681,011)

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 14. Financial instruments cont.

The Consolidated Entity has exposure to the following risks from these financial instruments:

- Credit risk
- Liquidity risk
- Market (interest) risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework through the work of the Audit & Risk Management Committee. The Audit & Risk Management Committee is responsible for developing and monitoring risk management policies. The Chairman of the Audit & Risk Management Committee reports to the Board of Directors on its activities.

Risk management procedures are established by the Audit & Risk Management Committee and carried out by management to identify and analyse the risks faced by the Consolidated Entity and to set controls and monitor risks.

These are discussed individually below.

Capital management

The Consolidated Entity's objectives in managing its capital is the safeguard of the Consolidated Entity's ability to continue as a going concern, maintain the support of its investors and other business partners, support the future growth initiatives of the Consolidated Entity and maintain an optimal capital structure to reduce the costs of capital. These objectives are reviewed periodically by the Board.

The Consolidated Entity assesses the adequacy of its capital requirements, cost of capital and gearing in line with these objectives.

Gearing is used to monitor levels of debt capital used by the Consolidated Entity to fund its operations. The ratio is calculated as Net Interest Bearing Liabilities divided by Tangible Assets (less Cash Assets).

The gearing ratio at 30 June 2019, excluding the Consolidated Entity's special purpose entities Fox Symes Home Loans Warehouse Trust 1 and FSHL Prime Warehouse Trust 1, whose liabilities are non-recourse to the Consolidated Entity and the Consolidated Entity's special purpose entity Fox Symes Personal Loans Warehouse Trust 1 whose liabilities are limited recourse to the Consolidated Entity, was 19.95% (2018: 25.97%).

It was the policy of the Consolidated Entity during the 2019 financial year to maintain a gearing ratio, excluding the Consolidated Entity's special purpose entities of less than 50% (2018: 50%).

Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity. Credit risk is concentrated in the following categories of financial instruments:

- Trade and other receivables;
- Personal loan assets; and
- Home loan assets.

Credit and lending policies have been established for all lending operations whereby each new borrower is analysed individually for creditworthiness and serviceability prior to the Consolidated Entity doing business with them. This includes where applicable credit history checks and affordability assessment and, in the case of lending activities, confirming the existence and title of the property security, and assessing the value of the security provided. These are monitored by the Audit & Risk Management Committee through the management of the Consolidated Entity.

Personal loan assets are secured by registered security interest over a motor vehicle. Home loan assets are secured by first mortgage security over property.

The Consolidated Entity retains its security until the loans are repaid. The Consolidated Entity is entitled to take possession of and enforce the sale of the secured real property in the event that the borrower defaults under the terms of their loan.

Personal insolvency (debt agreements and personal insolvency agreements and bankruptcy) receivables are unsecured, though debtors are assessed for serviceability and affordability prior to inception of each agreement.

The above minimises the Consolidated Entity's credit risk exposure to acceptable levels.

The Audit & Risk Management Committee also establishes the Consolidated Entity's allowance for impairment policy which is discussed in Notes 4 and 5 of the Financial Statements

Liquidity risk

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

The Consolidated Entity's approach in managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity's liquidity risk management policies include cash flow forecasting, which is reviewed and monitored monthly by management as part of the Consolidated Entity's master budget and having access to funding through facilities (refer Note 13 of the Financial Statements).

The Consolidated Entity is reliant on the renewal of existing facilities, the negotiation of new facilities, or the issuance of residential mortgage backed securities. Each facility is structured so that if it is not renewed or otherwise defaults there is only limited recourse to the Consolidated Entity.

The Directors are satisfied that an event of default in relation to the Consolidated Entity's home loan or personal loan facilities will not affect the Consolidated Entity's ability to continue as a going concern.

The contractual maturity of the Consolidated Entity's fixed and floating rate financial liabilities are as follows.
The amounts represent the future undiscounted principal and interest cash flows.

	Consolidated Entity 30 June 2019					
	Carrying amount $	Contractual Cash flows $	6 months or less $	6-12 months $	1 to 2 years $	2 to 5 years $
Trade and other payables	1,840,130	1,840,129	1,840,129	–	–	–
Other payables	4,664,629	4,664,629	4,664,629	–	–	–
Other short term loans	1,024,869	1,024,870	1,024,870	–	–	–
Bank loans	8,057,675	8,698,330	167,412	208,885	8,322,033	–
Warehouse facilities	408,934,029	447,906,189	7,073,195	7,677,792	15,313,630	417,841,572
Total	424,521,332	464,134,147	14,770,235	7,886,677	23,635,663	417,841,572

	Consolidated Entity 30 June 2018					
	Carrying amount $	Contractual Cash flows $	6 months or less $	6-12 months $	1 to 2 years $	2 to 5 years $
Trade and other payables	822,867	822,867	822,867	–	–	–
Other payables	4,096,947	4,096,947	4,096,947	–	–	–
Other short term loans	954,775	954,775	954,775	–	–	–
Bank loans	37,321,732	37,722,843	37,722,843	–	–	–
Warehouse facilities	351,084,047	369,777,812	6,935,358	7,216,071	355,626,383	–
Total	394,280,368	413,375,244	50,532,790	7,216,071	355,626,383	–

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 14. Financial instruments cont.

Market risk

Market risk is the risk that changes in market prices will affect the Consolidated Entity's income or the value of holdings in its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk of the Consolidated Entity is concentrated in interest rate risk.

Home loan assets are lent on variable interest rates and are financed by variable rate borrowings, which mitigate the Consolidated Entity's exposure to interest rate risk on these borrowings to an acceptable level. These borrowings are non-recourse to the Consolidated Entity except for loss suffered from misrepresentations in relation to the origination of loans and breaches of its loan servicing or management obligations.

Personal loan assets are lent on fixed interest rates and are financed by long term variable rate borrowings.

Under current historically low interest rates, the Board and Management have adopted the policy to keep approximate $80 – $100 million of home loan borrowings at fixed rates to mitigate the risk of future interest rate movements. On 12 June 2015 the Consolidated Entity entered into an interest rate swap agreement, locking in $40 million of its funding cost at a fixed rate for 5 years. On 12 November 2015, the Consolidated Entity entered into its second interest rate swap agreement, locking in a further $40 million of its funding cost at a fixed rate for 5 years.

The Board and Management are satisfied that this policy is appropriate for the Consolidated Entity at this time.

All other sources of finance are immaterial to the Consolidated Entity in amount and exposure.

Interest rate sensitivity analysis

The tables below show the effect on profit after tax if interest rates had been 50 basis points (bps) higher or lower at reporting date on the Consolidated Entity's floating rate financial instruments (2018: 50 bps) and interest rate swap agreement. A 50 bps sensitivity is considered reasonable given the current level of both short-term and long-term Australian interest rates. This would represent approximately two rate increases/decreases. In the current economic environment, where uncertainty remains, it is the Company's view that it is unlikely there will be a sharp upwards movement in the interest rate cycle over the next 12 months. The analysis is based on interest rate risk exposures at reporting date on both financial assets and liabilities.

	Consolidated Entity Profit after tax	
	2019 $	**2018 $**
If interest rates increased by 50bps (2018: 50bps)	**450,238**	840,178
If interest rates decreased by 50bps (2018: 50bps)	**(455,458)**	(835,456)

Note 15. Commitments

	Consolidated Entity Profit after tax	
	2019 $	**2018 $**
Operating leases (non-cancellable):		
Minimum lease payments		
– not later than one year	**1,323,042**	1,560,891
– later than one year and not later than five years	**74,203**	2,432,040
	1,397,245	3,992,931

Operating leases relate to the lease of the Consolidated Entity's business premises and printing equipment rental.

Note 16. Cash flow information

	Consolidated Entity 2019 $	2018 $
Reconciliation of cash flows from operations to profit after tax		
Profit after tax	**15,457,474**	13,649,776
Non-cash flows in profit/(loss):		
Depreciation and amortisation	**386,572**	584,557
Unrealised (gain)/loss on derivatives	**626,485**	(235,916)
Loss on disposal of intangibles	**–**	114,825
Loss on write off investments	**816,109**	1,131,294
Changes in assets and liabilities:		
Increase in trade and other receivables	**(1,911,788)**	(2,231,661)
(Increase)/decrease in other current assets	**(154,136)**	295,279
Decrease /(Increase) in trade and other payables	**1,889,792**	(70,396)
Increase in employee entitlements	**(14,388)**	(34,628)
(Increase)/decrease in other liabilities	**(15,665)**	1,308,301
Cash flows from operating activities	**17,080,455**	14,511,431

Note 17. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, which include 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.

	Consolidated Entity 2019 $	2018 $
Cash on hand and at bank	**3,303,166**	2,567,378
Assets financed by financial liabilities		
Personal loan cash and cash equivalents	**2,414,087**	281,803
Home loan cash and cash equivalents	**6,356,612**	6,950,134
	12,073,865	9,799,315

Note 18. Auditor's remuneration

	Consolidated Entity 2019 $	2018 $
Amounts received or due and receivable by BDO East Coast Partnership:		
Audit and review of financial statements	**234,006**	200,625
Taxation compliance services	**69,975**	64,451
Taxation advice and consulting	**43,955**	36,226
Other training and consulting	**8,960**	6,200
	356,896	307,502

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 19. Derivatives

Derivative instruments used by the Consolidated Entity – interest rate swap contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date.

On 12 June 2015 and 12 November 2015, the Consolidated Entity entered into interest rate swap contract to hedge exposure to fluctuations in interest rates in accordance with the Consolidated Entity's financial risk management policies (refer Note 14 of the Financial Statements). It is the Consolidated Entity's policy to keep approximately $80 million of its borrowings at fixed rates of interest by entering into interest rate swap contracts under which the Consolidated Entity is obliged to receive interest at variable rates and to pay interest at fixed rates. On the 12 June 2015 the Consolidated Entity entered into an interest rate swap agreement, locking in $40 million of its funding cost at a fixed rate for 5 years. On the 12 November 2015, the Consolidated Entity entered into another interest rate swap agreement, locking in further $40 million of its funding cost at a fixed rate for 5 years. At the end of the reporting period, the fixed rate was 2.56% and 2.30% respectively and variable rates were 1.42%.

The contracts require settlement of net interest receivable or payable each 30 days. Settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

At the end of the reporting period for the Consolidated Entity, these contracts were liabilities with a fair value of $1,347,153.

	Consolidated Entity	
	2019 $	**2018 $**
Interest rate swap contracts		
Current liability	**630,827**	–
Non current liability	**716,326**	681,011
Total derivative financial liabilities	**1,347,153**	681,011

Note 20. Intangible assets

Goodwill on consolidation has an indefinite life, and is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill of $345,124 relates to the original investment by the parent company in FSA Australia Pty Ltd and its controlled entities.

Software is measured on the cost basis less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its useful life of 2 to 3 years.

	Consolidated Entity 2019 $	2018 $
Goodwill		
Recognised on consolidation	**345,124**	345,124
Accumulated impairment	**–**	–
	345,124	345,124
Software at cost	**4,633,654**	4,063,121
Accumulated amortisation	**(2,288,890)**	(2,199,586)
	2,344,764	1,863,535
	2,689,888	2,208,659
Movements during year (Goodwill):		
Beginning of the year	**345,124**	345,124
Disposal	**–**	–
	345,124	345,124
Movements during year (Software):		
Beginning of the year	**1,863,535**	1,672,883
Additions	**570,534**	638,783
Disposal/write off	**–**	(114,825)
Amortisation	**(89,305)**	(333,306)
	2,344,764	1,863,535

Impairment

The Directors have assessed that, the carrying value of $345,124 of goodwill attributable to the original investment by the parent company in FSA Australia Pty Ltd and its controlled entities does not exceed the recoverable amount of this balance at reporting date.

The Directors have determined that there are no reasonable changes in the key assumptions on which the recoverable amounts of goodwill are based, for FSA Australia Pty Ltd, which would cause the carrying amount to exceed the recoverable amount.

Note 21. Fair value measurement

(a) The Consolidated Entity measures and recognises the interest rate swap financial instrument at fair value on a recurring basis after initial recognition. Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values:

Description	Fair Value at 30 June 2019 ($)	Valuation Technique(s)	Inputs Used
Financial liability:			
Interest rate swap	1,347,153	Income approach using discounted cash flow methodology and the funding valuation adjustment framework	Overnight Index Swap rate

(b) Except as detailed in the following table, the Directors consider that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash, current trade receivables, current payables and current borrowings, are assumed to approximate their fair values. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 21. Fair value measurement cont.

	Jun-19 Book value $	Jun-19 Fair value $
Financial assets		
Current receivables net of deferred tax*	7,944,133	7,944,133
Non-current receivables net of deferred tax*	8,710,468	7,964,647
Personal loan assets	59,402,449	65,363,371
Home loan assets financed by non-recourse financing liabilities	381,636,117	392,106,950

Note 22. Provisions

Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Bonuses

A provision is recognised for the amount expected to be paid under short term and long term cash bonus arrangements if the Consolidated Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefits

A provision has been recognised for employee benefits relating to annual leave and long service leave.

As at 30 June 2019, the Consolidated Entity employed 164 full-time equivalent employees (2018: 192) plus a further 4 independent contractors (2018: 4).

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities 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.

Long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality Australian corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Current		
Employee benefits	**2,293,985**	2,242,084
Non-current		
Employee benefits	**443,859**	510,147

Note 23. Contract liability

When a debtor pays in advance of their periodic payment, the Consolidated Entity recognises a Contract Liability in the Statement of Financial Position to recognise the collection of an amount that represents the obligation to provide the future services associated with the advance collection.

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Current contract liability	**490,481**	304,470
Non-current contract liability	**790,427**	1,545,479
	1,280,908	1,849,949

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Opening balance	**1,849,949**	1,359,564
Payments received in advance	**366,354**	615,550
Transfer to revenue – included in the opening balance	**(940,033)**	(128,826)
Transfer to revenue – other balances	**4,638**	3,661
	1,280,908	1,849,949

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $78,625,610 as at 30 June 2019 ($86,489,533 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Within 12 months	**27,973,338**	28,457,519
12 to 24 months	**22,343,432**	24,001,900
24 to 36 months	**15,940,148**	17,933,236
36 to 60 months	**12,368,692**	16,096,878
	78,625,610	86,489,533

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 24. Share capital

Ordinary share capital

Ordinary shares are classified as equity.

	2019 Number	2018 Number
125,092,610 (2018: 125,092,610) Fully paid ordinary shares	**6,707,233**	6,707,233
Ordinary shares		
Balance 1 July	**125,092,610**	125,092,610
Movement	**–**	–
Balance 30 June	**125,092,610**	125,092,610

Note 25. Interests in subsidiaries

Investments in subsidiaries

Investments are brought to account on the cost basis in the parent entity's financial statements. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities. The expected net cash flow from investments has not been discounted to their present value in determining the recoverable amounts, except where stated.

		Percentage of equity interest held by the Consolidated Entity	
Name	Country of Incorporation	2019 %	2018 %
FSA Australia Pty Ltd (2)	Australia	**100**	100
Fox Symes Financial Pty Ltd (1)	Australia	**100**	100
Fox Symes & Associates Pty Ltd (1)	Australia	**100**	100
Fox Symes Debt Relief Services Pty Ltd (1)	Australia	**100**	100
Fox Symes Home Loans Pty Ltd (2)	Australia	**100**	100
Easy Bill Pay Pty Ltd (1)	Australia	**100**	100
104 880 088 Group Holdings Pty Ltd (2)	Australia	**100**	100
Aravanis Insolvency Pty Ltd (1)	Australia	**65**	65
Fox Symes Business Services Pty Ltd (1)	Australia	**75**	75

(1) Investment held by FSA Australia Pty Ltd

(2) Investment held by FSA Group Limited

The following entities are subsidiaries of Fox Symes Home Loans Pty Ltd

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Entity 2019 %	2018 %
Fox Symes Home Loans (Services) Pty Ltd	Australia	100	100
Fox Symes Home Loans (Management) Pty Ltd	Australia	100	100
Fox Symes Home Loans (Mortgage Management) Pty Ltd	Australia	100	100
Fox Symes Personal Loans Pty Ltd	Australia	100	100
Fox Symes Home Loans Warehouse Trust 1	Australia	100	100
FSHL Prime Warehouse Trust 1	Australia	100	100
Fox Symes Personal Loans Warehouse Trust 1	Australia	100	100

The following entities are subsidiaries of 104 880 088 Group Holdings Pty Limited

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Entity 2019 %	2018 %
110 294 767 Capital Finance Pty Limited	Australia	100	100
102 333 111 Corporate Pty Limited	Australia	100	100
111 044 510 Equity Partners Pty Limited	Australia	100	100
One Financial Corporation Pty Ltd	Australia	100	100

The following entities are subsidiary of Aravanis Insolvency Pty Limited

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Entity 2019 %	2018 %
Aravanis Advisory Limited	India	99.99	–

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1 of the Financial Statements:

Name	Principal place of business/ Country of incorporation	Principal activities	Parent Ownership interest 2019	2019	Non-controlling interest Ownership interest 2018	2018
Aravanis Insolvency Pty Limited	Australia	Personal insolvency agreements and Bankruptcies	65%	65%	35%	35%
Fox Symes Business Services Pty Limited	Australia	Accounting and taxation	75%	75%	25%	25%

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 25. Interests in subsidiaries cont.

	Aravanis Insolvency Pty Limited	
	2019 $	**2018 $**
Summarised Statement of Financial Position		
Current assets	**12,662,482**	11,834,373
Current liabilities	**1,130,514**	597,643
Current net assets	**11,531,968**	11,236,730
Non-current assets	**440,631**	59,699
Non-current liabilities	**3,059,857**	3,571,380
Non-current net assets	**(2,619,226)**	(3,511,681)
Net assets	**8,912,742**	7,725,049
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	**10,535,724**	10,825,766
Expenses	**(6,264,141)**	(6,550,027)
Profit before income tax expense	**4,271,583**	4,275,739
Income tax expense	**(1,283,891)**	(1,291,144)
Profit after income tax expense	**2,987,692**	2,984,595
Other comprehensive income	**–**	–
Total comprehensive income	**2,987,692**	2,984,595
Summarised Statement of Cash Flows		
Cash flows from operating activities	**1,279,556**	2,351,323
Cash flows from investing activities	**94,295**	(271,401)
Cash flows from financing activities	**(1,795,839)**	(2,000,000)
Net increase/(decrease) in cash and cash equivalents	**(421,988)**	79,922
Other financial information		
Profit attributable to non-controlling interests	**1,045,692**	1,044,608
Accumulated non-controlling interests at the end of reporting period	**3,149,317**	2,703,767

The non-controlling interest of Fox Symes Business Services Pty Limited was insignificant and therefore information has not been provided.

Note 26. Key Management Personnel disclosures

	Consolidated Entity	
	2019 $	2018 $
Remuneration of Directors and Key Management Personnel		
Short-term employee benefits	**2,455,026**	2,354,308
Long-term employee benefits	**12,911**	11,742
Post-employment benefits	**75,147**	71,487
	2,543,084	2,437,537

Note 27. Related party disclosures

(a) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in the Remuneration Report.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 25 of the Financial Statements.

(c) Transactions with related parties

Transactions with related parties of Directors or Key Management Personnel are as disclosed in the Remuneration Report.

Note 28. Contingent liabilities

There were no contingent liabilities relating to the Consolidated Entity at reporting date except the following:

Home loans

At reporting date, loan applications that had been accepted by the Consolidated Entity but not yet settled amount to $6,397,932 (2018: $8,615,865). Home loans are usually settled within 4 weeks of acceptance.

Personal loans

At reporting date, all personal loan application that had been accepted by the Consolidated Entity was settled. Personal loans are usually settled within one week of acceptance.

Note 29. Events occurring after reporting date

There have been no events since the end of the financial year that impact upon the financial performance or position of the Consolidated Entity as at 30 June 2019 except as follows:

- On 22 August 2019, Directors declared a 3.00 cent fully franked final dividend to shareholders to be paid on 13 September 2019 with a record date of 11 September 2019. This brings the full year dividend to 5.00 cents per share.

Notes to the Financial Statements cont.

For the year ended 30 June 2019

Note 30. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 and other relevant notes within these financial statements for a summary of the significant accounting policies relating to the Consolidated Entity.

	2019 $	2018 $
Financial position		
Total current assets	**12,911,310**	8,975,710
Total non-current assets	**8,465,084**	8,465,014
Total assets	**21,376,394**	17,440,724
Total current liabilities	**2,230,050**	749,909
Total liabilities	**2,230,050**	749,909
Net assets	**19,146,344**	16,690,815
Equity		
Share capital	**6,707,233**	6,707,233
Dividends to shareholders	**(7,505,557)**	(8,756,483)
Accumulated profit	**19,944,668**	18,740,065
Total equity	**19,146,344**	16,690,815
Financial performance		
Profit/(loss)after income tax	**9,961,016**	9,956,344
Other comprehensive Income	**–**	–
Total Comprehensive income for the year	**9,961,016**	9,956,344

During the financial year, the parent entity received distribution income from its subsidiaries.

Guarantees entered into by the parent entity relation to the debts of its subsidiaries

FSA Group Limited has entered into a deed of cross guarantee with two of its wholly owned subsidiaries, FSA Australia Pty Ltd and Fox Symes Debt Relief Services Pty Ltd. Refer to Note 31 for further details.

There are no contingent liabilities or commitments in the parent entity (2018: Nil).

Note 31. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others: FSA Group Limited, FSA Australia Pty Ltd and Fox Symes Debt Relief Services Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporation (Wholly owned companies) Instrument 2017/785 (as amended) issued by the Australian Securities and Investments Commission ('ASIC'). The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by FSA Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the 'Closed Group'.

	2019 $	2018 $
Statement of Profit or Loss and Other Comprehensive Income		
Revenue and other income		
Fees from services	**29,364,105**	35,255,092
Finance income	**19,269**	67,398
Finance expense	**(293)**	(245)
Net finance income	**18,976**	67,153
Total revenue and other income net of finance expense	**29,383,081**	35,322,245
Expenses from continuing activities	**(557,919)**	(3,911,330)
Profit before income tax	**28,825,162**	31,410,915
Income tax expense	**(8,639,638)**	(9,466,020)
Profit after income tax	**20,185,524**	21,944,895
Other Comprehensive Income	**–**	–
Total Comprehensive income for the year	**20,185,524**	21,944,895
Statement of Financial Position		
Current Assets		
Cash and cash equivalents	**580,675**	1,647,964
Trade and other receivables	**3,603,743**	2,305,313
Other assets	**2**	2
Total Current Assets	**4,184,420**	3,953,279
Non-Current Assets		
Trade and other receivables	**190,674,945**	165,267,725
Investments	**8,465,084**	8,465,084
Total Non-Current Assets	**199,140,029**	173,732,809
Total Assets	**203,324,449**	177,686,088
Current Liabilities		
Trade and other payables	**1,466,207**	458,651
Contract liabilities	**490,481**	304,470
Tax Liabilities	**2,343,500**	1,311,981
Total Current Liabilities	**4,300,188**	2,075,102
Non-Current Liabilities		
Contract liabilities	**790,428**	1,545,480
Deferred tax liabilities	**1,142,257**	807,919
Total Non-Current Liabilities	**1,932,685**	2,353,399
Total Liabilities	**6,232,873**	4,428,501
Net Assets	**197,091,576**	173,257,587
Equity		
Share capital	**6,707,237**	6,707,237
Retained earnings	**190,384,339**	166,550,350
Total Equity	**197,091,576**	173,257,587

Directors' Declaration

In the Directors' opinion:

- The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
  a. comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  b. give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.
- The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 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.
- The Directors have been given the declarations by the Executive Directors and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

FSA Group Limited, FSA Australia Pty Ltd and Fox Symes Debt Relief Services Pty Ltd identified in note 30 are parties to the deed of cross guarantee under which each company guarantees the debts of the others. At the date of this declaration there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will as a Consolidated Entity be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the deed of cross guarantee described in Note 31.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Tim Odillo Maher
Executive Director

Sydney
22 August 2019

Deborah Southon
Executive Director

Sydney
22 August 2019

Independent Auditor's Report

To the members of FSA Group Limited

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of FSA Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of FSA Group Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report cont.

To the members of FSA Group Limited

Adoption of Accounting Standard AASB 15

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 3. Restatement of comparatives - adoption of new Accounting standards on 1 July 2018 the company adopted accounting standard AASB 15 Revenue from Contracts with Customers. The adoption of the new standard resulted in a change in the accounting policy in relation to the recognition of revenue from debt agreements. The change was applied retrospectively to all prior periods presented. The assessment of the impact of the application of AASB 15 was complex and required considerable management analysis. The resultant change in accounting policy significantly impacted the financial report and for this reason was considered a key audit matter.	Our audit procedures included; • Critically assessing management's analysis of the impact of the adoption of the new standard on the revenue recognition policies of the company; • Engaging with our IFRS technical specialists to review the conclusions drawn by management on the changes required to the revenue recognition policy; • Testing the calculations of the restated comparative information; and • Reviewing and assessing the adequacy of the disclosures in Note 3 of the financial report.

Other information

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

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 21 of the directors' report for the year ended 30 June 2019.

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

Responsibilities

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

BDO East Coast Partnership

BDO

Arthur Milner
Partner

Sydney, 22 August 2019

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 7 August 2019.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Quoted Ordinary shares	
	Number of holders	**Number of shares**
1 – 1,000	**301**	**119,164**
1,001 – 5,000	**507**	**1,618,073**
5,001 – 10,000	**301**	**2,567,092**
10,001 – 100,000	**356**	**10,365,570**
100,001 and over	**80**	**110,422,711**
Total	**1,545**	**125,092,610**

The number of security investors holding less than a marketable parcel of 491 securities ($1.020 on 07/08/2019) is 175 and they hold 16,182 securities.

(b) Twenty largest holders

The names of the twenty largest holders, in each class of quoted security are (ordinary shares):

1	Capital Management Corporation Pty Ltd	**26,000,000**	**20.78%**
2	Mazamand Group Pty Ltd (investor group)	**16,809,231**	**13.44%**
3	ADST Pty Ltd (investor group)	**12,960,047**	**10.36%**
4	BJR Investment Holdings Pty Ltd	**11,111,111**	**8.88%**
5	J P Morgan Nominees Australia Limited	**5,429,274**	**4.34%**
6	UBS Nominees Pty Ltd	**5,114,416**	**4.09%**
7	Ruminator Pty Limited	**3,491,440**	**2.79%**
8	Contemplator Pty Limited	**2,597,622**	**2.08%**
9	Aust Executor Trustees Ltd <GFFD>	**2,338,058**	**1.87%**
10	Bulwarra Pty Ltd	**1,773,775**	**1.42%**
11	Dundas Ritchie Investments Pty Ltd	**1,500,000**	**1.20%**
12	Investment Custodial Services Limited	**1,341,309**	**1.07%**
13	Samuel Doumany (investor group)	**1,100,000**	**0.88%**
14	Karia Investment Pty Ltd (investor group)	**966,666**	**0.77%**
15	Ristolle Pty Ltd	**877,169**	**0.70%**
16	Fernane Pty Ltd	**877,168**	**0.70%**
17	National Nominees Limited	**770,000**	**0.62%**
18	Harold Cripps Holdings Pty Ltd	**700,541**	**0.56%**
19	Garrett Smythe Ltd	**684,710**	**0.55%**
20	Gattenside Pty Ltd	**590,541**	**0.47%**
	Top 20	**97,033,078**	**77.57%**
	Total	**125,092,610**	**100%**

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of shares
Mazamand Group Pty Ltd	16,809,231
ADST Pty Ltd	12,960,047
BJR Investment Holdings Pty Ltd	11,111,111

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Restricted securities

As at the date of this report there were no ordinary shares subject to voluntary restriction agreements.

(f) Business objectives

The entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Corporate Information

Directors

Sam Doumany – Non-Executive Chairman
Tim Odillo Maher – Executive Director
Deborah Southon – Executive Director
Stan Kalinko – Non-Executive Director
David Bower – Non-Executive Director

Chief Financial Officer

Cellina Chen

Company Secretary

Cellina Chen

Registered Office and Corporate Office

Level 3
70 Phillip Street
Sydney NSW 2000

Phone: +61 (02) 8985 5565
Fax: +61 (02) 8985 5358

Solicitors

Hopgood Ganim

Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Share Register

Link Market Services Ltd

Locked Bag A14
Sydney South, NSW 1235
Phone: +61 (02) 8280 7454

Auditors

BDO East Coast Partnership

Level 11
1 Margaret Street
Sydney New South Wales 2000

Country of Incorporation

Australia

Securities Exchange Listing

Australian Securities Exchange Ltd

ASX Code: FSA

Internet Address

www.fsagroup.com.au

Australian Business Number

ABN 98 093 855 791

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