

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**For the half-year ended 31 December 2019**

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*This is annexure A of 11 pages referred to in Form 7051: Notification of half-yearly reports*



Debra Rule - Director



John Bird - Director

Dated this 13th day of March 2020

# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **Interim Financial Report**

### **DIRECTORS' REPORT**

Your Directors submit the financial report of the Company for the half-year ended 31 December 2019.

#### **Directors**

The names of Directors who held office during or since the end of the half-year are:

Debra Anne Rule

Arnold Bart Houwen

Janusz Olbromski (appointed 1 July 2019, resigned 12 February 2020)

John Alexander Bird

Luke Hall (appointed 1 July 2019)

Sam Wilkinson

Sandra Lam

#### **Principle Activities**

The focus of the Company's operations during the half-year was the operation of the Fremantle Community Bank Branch of Bendigo Bank Limited, pursuant to a franchise agreement.

#### **Review of Operations**

Fremantle Community Financial Services Ltd (referred to as "the Company") operates a franchise of the Bendigo Bank in Fremantle. The Company's income is derived from a margin profit share based on the Company's overall book value. Operational costs of the Fremantle branch of Bendigo Bank are subsequently paid from this margin profit share. At the end of each year the Company's board resolves how much of the profits from that year are available to support local community groups and activities in the next succeeding year.

During the half year to 31st December 2019, the banking market in the Fremantle area has remained very difficult. Interest rates have remained subdued as result of competition between Banks and non-deposit taking institutions vying for market share. This has resulted in continued low margins. The branch has worked hard and successfully to achieve a slight increase in funds under management.

The half year to 31st December 2019 shows a small increase in profit share income from the previous year. Overall profitability should continue to improve as the Company claws back lending book value over the course of the year. Company running cost also continues to be a focus as the business seeks to streamline operations. This has led to a marginally improved half year profit.

The Company provides funds to support the Fremantle region's community. The Company and its stakeholders look forward to achieving further growth in Fremantle as the city's population rises, as marketing initiatives have effect, and as Fremantle's economic fortunes improve.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**Auditor's Declaration**

The auditor's independence declaration under s 307C of the *Corporations Act 2001* for the half-year ended 31 December 2019 is attached to the financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Directors

Debra Rule

John Bird

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Dated this

13 March 2020

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Fremantle Community Financial Services Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM**  
RSM AUSTRALIA PARTNERS

  
ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 13 March 2020

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**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED****ABN 41 114 925 174****Interim Financial Report****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
Revenue	456,081	430,633
Employee benefits expense	(184,453)	(175,181)
Depreciation and amortisation expense	(70,380)	(14,127)
Other expenses	(189,317)	(180,847)
Profit before income tax	11,931	60,478
Income tax expense	(3,396)	(16,631)
<b>Profit for the period</b>	<b>8,535</b>	<b>43,847</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period attributable to members</b>	<b>8,535</b>	<b>43,847</b>
<b>Earnings per share</b>		
Basic earnings per share (cents per share)	1.16	5.95
Diluted earnings per share (cents per share)	1.16	5.95

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	<b>31 December 2019</b>	<b>30 June 2019</b>
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	532,473	529,565
Trade and other receivables	78,832	79,992
Other assets	11,142	8,341
Current tax assets	-	1,127
<b>TOTAL CURRENT ASSETS</b>	<b>622,447</b>	<b>619,025</b>
<b>NON-CURRENT ASSETS</b>		
Other assets	32,732	32,732
Right of Use Asset - Land & Buildings	145,921	-
Plant and equipment	17,289	22,523
Intangible assets	16,286	23,064
Deferred tax assets	3,253	2,955
<b>TOTAL NON-CURRENT ASSETS</b>	<b>215,481</b>	<b>81,274</b>
<b>TOTAL ASSETS</b>	<b>837,928</b>	<b>700,299</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	64,441	60,716
Lease Liability - Land & Buildings	57,997	-
Short-term provisions	8,767	8,984
<b>TOTAL CURRENT LIABILITIES</b>	<b>131,205</b>	<b>69,700</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease Liability - Land & Buildings	89,692	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>89,692</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>220,897</b>	<b>69,700</b>
<b>NET ASSETS</b>	<b>617,031</b>	<b>630,599</b>
<b>EQUITY</b>		
Issued capital	736,759	736,759
Accumulated losses	(119,728)	(106,160)
<b>TOTAL EQUITY</b>	<b>617,031</b>	<b>630,599</b>

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>Note</b>	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018		736,759	(126,129)	610,630
Total comprehensive income for the period		-	43,847	43,847
<b>Subtotal</b>		<b>736,759</b>	<b>(82,282)</b>	<b>654,477</b>
Dividends paid or provided for		-	(29,470)	(29,470)
<b>Balance at 31 December 2018</b>		<b>736,759</b>	<b>(111,752)</b>	<b>625,007</b>
Balance at 1 July 2019		736,759	(106,160)	630,599
Total comprehensive income for the period		-	8,535	8,535
<b>Subtotal</b>		<b>736,759</b>	<b>(97,625)</b>	<b>639,134</b>
Dividends paid or provided for		-	(22,103)	(22,103)
<b>Balance at 31 December 2019</b>		<b>736,759</b>	<b>(119,728)</b>	<b>617,031</b>

The accompanying notes form part of these financial statements

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	453,968	429,996
Payments to suppliers and employees	(432,656)	(417,533)
Interest Expense	(4,420)	-
Income Tax Paid	(2,566)	(14,368)
Interest received	3,272	2,839
Net cash from operating activities	<u>17,598</u>	<u>934</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of dividend	(14,690)	(22,149)
Net cash used in financing activities	<u>(14,690)</u>	<u>(22,149)</u>
Net movement in cash held	2,908	(21,215)
Cash and cash equivalents at beginning of period	529,565	491,299
<b>Cash and cash equivalents at end of period</b>	<b><u>532,473</u></b>	<b><u>470,084</u></b>

The accompanying notes form part of these financial statements



# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **Interim Financial Report**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

#### **NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Fremantle Community Financial Services Limited (the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2019, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters disclosed below.

#### **New and Revised Accounting Standards**

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the company's accounting policies.

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

#### **AASB 16 LEASES**

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classification of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

# **FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

## **Interim Financial Report**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

#### **NOTE 1: BASIS OF PREPARATION**

##### **IMPACT OF ADOPTION**

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019
Operating lease commitments as at 1 July 2019 (AASB 117)	213,568
Operating lease commitments discounted based on the weighted average incremental borrowing rate of 5% (AASB 16)	<u>(9,279)</u>
Right-of-use assets (AASB 16)	<u>204,289</u>
Lease liabilities – current (AASB 16)	(114,597)
Lease liabilities – non-current (AASB 16)	<u>(89,692)</u>
Impact on opening accumulated losses as at 1 July 2019	<u><u>-</u></u>

#### **NOTE 2: OPERATING SEGMENT**

The Company operates in a single segment being the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia.

#### **NOTE 3: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

#### **NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial period that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

**FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 41 114 925 174**

**Interim Financial Report**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - b. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Directors

Debra Rule

John Bird

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Dated this 13 March 2020

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Fremantle Community Financial Services Limited which comprises the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fremantle Community Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fremantle Community Financial Services Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fremantle Community Financial Services Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**RSM**  
RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 13 March 2020

  
ALASDAIR WHYTE  
Partner