



Annual Report 2016

Fremantle Community Financial Services
Limited

ABN 41 114 925 174

Chair's Report

For year ending 30 June 2016

We celebrated our 10th birthday in March at a Sunday Music session with cake for the crowd and balloons for the kids. It was also a great year for our community partnerships as we secured naming rights for Fremantle **Community Bank**[®] Oval and we continue to strengthen our relationships with South Fremantle Football Club, All Abilities Football Club, SupaNova Synchronised Swimming Club, Sunday Music, DanceOut, Leeming Spartan Cricket Club, Beaconsfield Netball Club, the Army Museum, Fremantle Carnevale, Hami Heat Basketball Club, Carbon Neutral workshops, White Gum Valley Community Orchard, Fremantle Rowing Club and the Festival 6 Continents.

Since 2006 we have given back over \$500,000 in partnerships, sponsorships and grants.

The banking environment has been a tough one for several years now and we are very proud that our funds under management have increased to \$141 million particularly as we opened our doors 10 years ago with funds under management of just \$7 million.

In March we signed a new Franchise Agreement and the banking chamber was painted and recarpeted. As the number of customers who visit the branch decreases the Board is constantly looking for new ways, opportunities and models of delivering our excellent customer-focused banking service to the wider Fremantle area. We participated in an external Board Review and have also engaged with a number of prospective new Board Directors to ensure that the succession of this great company to a younger generation is planned and timely.

We know that our staff provide the best customer service and delight in developing strong relationships with each and every one of our customers. I have no doubt this customer-focused service will continue to strengthen our business and our performance into the future. Well done to our Branch Manager Nancy Bizzantino and the Fremantle **Community Bank**[®] Branch team.

Thank you to my fellow Directors for the commitment and passion they bring to the role and to the Regional Manager and the Bendigo and Adelaide team for their support but most of all to our loyal shareholders and customers who by banking with the Fremantle **Community Bank**[®] Branch enable us to support so many great community initiatives.

As a shareholder, if you are not banking with the Fremantle **Community Bank**[®] Branch I would encourage you to give Nancy a call on 9433 4969.

I guarantee you will not be disappointed with the service.



Debra Rule
Chair

Bendigo and Adelaide Bank report

For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank**[®] branches.

The initial aim was to return traditional bank branches to regional community.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank**[®] communities in every state and territory of Australia.

The statistics are impressive:

- More than \$148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than \$38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from **Community Bank**[®] companies.

- Aged care
- Youth disengagement
- Homelessness
- Domestic and family violence
- Mental health
- Unemployment
- Environment

I have no doubt that your **Community Bank**[®] company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank**[®] branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers... and the list goes on.

As **Community Bank**[®] company Directors they volunteer their time, their professional expertise and their local knowledge to make your **Community Bank**[®] branch the success it is today.

To every single one of our 1,900-plus **Community Bank**[®] company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank**[®] community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank**[®] community can achieve.



Robert Musgrove
Executive Community Engagement

Branch Manager's Report

During the 2015/16 financial year, the Fremantle **Community Bank**[®] Branch experienced steady growth amidst continued volatility of the economy and interest rate competition. The branch experienced growth with the following end of year totals:

- \$ 56.2 million of deposit funds
- \$ 72.4 million of loan funds
- \$ 13.3 million of other business
- \$141.8 million of total funds under management.

These rates of growth demonstrate solid performance in a challenging financial environment. Customer numbers have risen to 2,851 while our transaction numbers in branch have continued to drop. This reflects the shift to online transactions as the preferred method of transacting by the majority of our customers. Bendigo and Adelaide Bank has responded to this trend in a number of ways, including the enhancement of our online offering and the introduction of new products including online access to account opening and eStatements.

There have been some changes in our staffing. We welcomed Pan Santoso as our new Customer Relations Manager. As always I would like to thank all the staff for their continued support to meet the high standards of customer service that we expect from them.

With the aid of a revised strategic plan, the Board of Directors continue to dedicate their skills and expertise to ensure the governance and financial success of the Fremantle **Community Bank**[®] Branch. The generous and selfless endeavours of our Board are acknowledged, in particular their community engagement activities to ensure that our business continues to be relevant in the Fremantle community.

And finally, thanks must go to our customers and shareholders, without whom this would not be possible.



Nancy Bizzintino
Branch Manager

Corporate Governance

The Board is comprised entirely of voluntary non executive independent Directors. The skills experience and composition of the Board is detailed in the Director's report. Details of the Director's shareholdings, their remuneration and any transactions which they have conducted with the company are included in the Director's reports and Notes to the financial statements.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The following subcommittees have been established to assist and advise the Board.

- Audit and Risk
- Human Resources
- Marketing and Sponsorship

The Business Development Committee was disbanded in 2015 and replaced with a regular item on the monthly Board Meeting Agenda.

Independent Professional Advice

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Written approval must be obtained from the Chairperson prior to incurring any expense on behalf of the company.

Risk Management

The Board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The Board receives advice on areas of operational and financial risks and develops strategies in conjunction with management to mitigate those risks.

Communication with Shareholders

The Board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report is made available to all shareholders at www.bendigobank.com.au/public/community_bank/community_bank.asp?name=fremantle
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Announcements on the National Stock (NSX) at www.nsx.com.au

The Board strives to ensure company announcements via the NSX are made in a timely manner, are factual and expressed in a clear and objective manner.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2016

C O N T E N T S

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DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2016.

Directors

The names of Directors in office at any time during or since the end of the year are:

Arnold Bartholomew Houwen

Position: Non-Executive Director
Occupation: Business Development Consultant
Qualifications:
Background Information: After a 25 year career in IT which included stints overseas, Bart now works from a home office and an elected Member of Cockburn City Council. Recreational pursuits include golf and sailing.
Directorships held in other entities: Nil
Interest in shares and options: 500 Shares

Debra Anne Rule

Position: Non-Executive Director / Chairperson
Occupation: Knowledge and Information Specialist
Qualifications: MSc, BEd, GradDipSc, DipTeach, GradDipACG, GIA(Cert), GAICD
Background Information: Debra grew up and lives in Fremantle; she has a background in education, strategic planning and information services. She has held senior roles in both the public and private sectors, is a Director of Wheatbelt NRM and a former Chair of Learning Network Australia and the Fremantle Education Centre. Debra is also a Chartered Secretary. In her spare time she enjoys planting trees at a small rural property outside of Brookton.
Directorships held in other entities: Nil
Interest in shares and options: 10,500 Shares (direct)
500 Shares (indirect)

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Bruce James Moriarty

Position:	Non-Executive Director
Occupation:	Property developer
Qualifications:	R/E Licensee, Grad Cert (Business)
Background Information:	Bruce grew up in Halifax, Nova Scotia a small and well preserved historic city and Canada's major Atlantic port. He arrived in Western Australia in 1982 and after five years in the North West oil sector, entered the property industry in 1987. Bruce has been involved with a number of development projects including heritage buildings including the North Fremantle's Rose Hotel and Old School Mews. In 2006, he was appointed to the City of Fremantle's Urban Development Advisory Committee, as well as LandCorp's Leighton Beach Redevelopment Steering Committee. He also serves on the board of the Fremantle Chamber of Commerce and is one of the founders of Fremantle's Gimme Shelter homeless fundraiser.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

Brodie McCulloch (resigned 11 September 2015)

Position:	Non-Executive Director / Deputy Chair
Occupation:	Managing Director
Qualifications:	BCom Churchill Fellowship, GIA (Cert)
Background Information:	Brodie has had extensive experience in the area of marketing and communication strategy and planning. A combination of local, national and international experience has provided Brodie with unique perspectives on communication strategies and execution methods. Brodie founded Social innovation in Western Australia in 2010 with the recognition that there was no single point of contact in Western Australia for Social Entrepreneur's, Communities or Organisations who are developing innovative programs and ideas for social good and to fill real needs.
Directorships held in other entities:	Nil
Interest in shares and options:	Nil

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John Alexander Bird

Position:	Non-Executive Director / Treasurer
Occupation:	Commercial Accountant
Qualifications:	BSc, FCA, GAICD, Grad Cert (Business)
Background Information:	John currently has a fixed-term procurement and accounting contract at WA Department of Health, provides governance, compliance and accounting services to other organisations in WA, manages a WA forestry plantation project, and recently started a WA-based online classified advertising business. He has a background in business and as a Chartered Accountant, and brings wide experience in corporate management to the board of Fremantle Community Bank. John is a graduate of the Australian Institute of Company Directors and Fellow of Chartered Accountants Australia and New Zealand. He is a passionate and active proponent of the culture, history, social development and prosperity of Fremantle and is keen for Fremantle Community Bank to play a key part in these.
Directorships held in other entities:	Nil
Interest in shares and options	1,930 shares

Dearne Mary Russell

Position:	Non-Executive Director/ Company Secretary
Occupation:	Business Planner
Qualifications:	MBA, BCom
Background Information:	Dearne is an experienced Accounting professional who for the past decade has held leadership positions providing critical support services to line management within the resources sector. Dearne's broad experience encompasses accounting & finance, audit, supply of goods & services, environment, occupational health & safety and contractor management. She has well rounded strategic skills in governance, compliance, risk management and business planning.
Directorships held in other entities:	Nil
Interest in shares and options	Nil

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Donna Quinn

Position:	Non-Executive Director
Occupation:	Managing Director
Qualifications:	Bachelor of Applied Science
Background Information:	<p>Donna is Managing Director of Quinn Consulting, a hospitality consulting business specialising in financial management and business development within the hospitality sector.</p> <p>Her background includes both interstate and local leadership positions in large corporate hotel operations and more recently ownership and management of varied hospitality businesses.</p> <p>Donna's experience encompasses business planning, marketing development and human resource management and she is an active participant in her young children's schools and local sporting clubs.</p>
Directorships held in other entities:	Nil
Interest in shares and options	Nil

Company Secretary

D M Russell

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Financial report for the year ended 30 June 2016

Directors meetings attended

During the financial year, 19 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings		Human Resource Committee		Audit & Risk Committee		Marketing and Sponsorship	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Arnold Houwen	11	6	2	1	-	-	-	-
Debra Rule	11	11	2	2	2	2	4	3
Bruce Moriarty	11	10	-	-	-	-	4	3
Brodie McCulloch ¹⁾	2	0	-	-	-	-	1	0
John Bird	11	11	-	-	2	2	-	-
Dearne Russell	11	9	2	2	2	2	-	-
Donna Quinn	11	8	-	-	-	-	4	4

¹⁾ Mr Brodie McCulloch resigned 11 September 2015

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to \$154,954 (2015: \$149,904).

Dividends paid or recommended

The Company declared dividends of \$36,838 during the year (2015: \$36,838).

Financial position

The net assets of the Company have increased from \$405,549 as at 30 June 2015 to \$523,665 as at 30 June 2016, which is an improvement on prior year due to the improved operating performance of the Company.

The directors believe the Company is in a stable financial position.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year 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 future financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

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The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- a) Director approval of operating budgets and monitoring of progress against these budgets;
- b) Ongoing Director training; and
- c) Monthly Director meetings to discuss performance and strategic plans

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board 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 Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2016:

Taxation services: \$6,900 (2015: \$6,900)

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Financial report for the year ended 30 June 2016

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the years ended 30 June 2015 and 30 June 2016.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

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Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on KPIs. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation period. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

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Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the year ended 30 June 2016 is included within the financial statements.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Director

John Bird



Debra Rule

Dated this 31 day of August 2016



RSM Australia Partners

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Fremantle Community Financial Services Limited for the year ended 30 June 2016, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

David Wall

DAVID WALL
Partner

Perth, WA
Dated: 31 August 2016

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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Financial report for the year ended 30 June 2016

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2016**

		2016	2015
	Note	\$	\$
Revenue	2	979,972	966,365
Employee benefits expense		(368,090)	(348,911)
Depreciation and amortisation expense		(20,000)	(20,080)
Other expenses	3	(436,928)	(447,470)
Profit before income tax		154,954	149,904
Income tax expense	4	-	-
Profit for the year		154,954	149,904
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		154,954	149,904
Earnings per share			
Basic earnings per share (cents per share)		21.03	20.35
Diluted earnings per share (cents per share)		21.03	20.35

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2016

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	6	388,180	352,429
Trade and other receivables	7	87,580	87,590
Other assets	8	23,425	17,279
TOTAL CURRENT ASSETS		<u>499,195</u>	<u>457,298</u>
NON-CURRENT ASSETS			
Other assets	8	32,732	-
Plant and equipment	9	14,516	20,632
Intangible assets	10	63,732	9,835
TOTAL NON-CURRENT ASSETS		<u>110,980</u>	<u>30,467</u>
TOTAL ASSETS		<u>610,165</u>	<u>487,765</u>
CURRENT LIABILITIES			
Trade and other payables	11	71,984	71,350
Short-term provisions	12	14,516	10,866
TOTAL CURRENT LIABILITIES		<u>86,500</u>	<u>82,216</u>
TOTAL LIABILITIES		<u>86,500</u>	<u>82,216</u>
 NET ASSETS		 <u>523,665</u>	 <u>405,549</u>
 EQUITY			
Issued capital	13	736,759	736,759
Accumulated (losses)		<u>(213,094)</u>	<u>(331,210)</u>
TOTAL EQUITY		<u>523,665</u>	<u>405,549</u>

The accompanying notes form part of these financial statements

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2014	736,759	(444,276)	292,483
Dividends declared during the year		(36,838)	(36,838)
Total comprehensive income for the year attributable to members		149,904	149,904
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	736,759	(331,210)	405,549
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2015	736,759	(331,210)	405,549
Dividends declared during the year		(36,838)	(36,838)
Total comprehensive income for the year attributable to members		154,954	154,954
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	736,759	(213,094)	523,665
	<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		974,243	961,477
Payments to suppliers and employees		(848,958)	(788,133)
Interest Revenue		5,737	5,234
Net cash provided by operating activities	14	<u>131,022</u>	<u>178,578</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant, equipment and intangibles		<u>(67,781)</u>	<u>-</u>
Net cash used in investing activities		<u>(67,781)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid		<u>(27,490)</u>	<u>(31,906)</u>
Net cash used in financing activities		<u>(27,490)</u>	<u>(31,906)</u>
Net increase in cash held		35,751	146,672
Cash and cash equivalents at beginning of financial year		<u>352,429</u>	<u>205,757</u>
Cash and cash equivalents at end of financial year	6	<u>388,180</u>	<u>352,429</u>

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorized for issue on 31 August 2016 by the Directors of the Company.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be 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.

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Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20% - 37.5%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive Income.

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(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

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iii Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible 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 comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

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(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

Provisions are recognised when the Company 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.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(m) Comparative figures

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

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(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2016. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2016 amounting to \$63,732.

(o) New Accounting Standards for Application in Future Periods

A number of Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2016. The effect of these new or amended Accounting Standards is expected to give rise to additional disclosures and new policies being adopted. The new standard is not expected to significantly affect the company's accounting policies, financial position or performance. Refer below for the Standards and Interpretations relevant to Goldfields Money that are not yet effective and have not been early adopted

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Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	<p>AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p>AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>:</p> <ul style="list-style-type: none"> Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <p>AASB 7 <i>Financial Instruments: Disclosures</i>:</p> <ul style="list-style-type: none"> Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134. <p>AASB 119 <i>Employee Benefits</i>:</p> <ul style="list-style-type: none"> Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p>AASB 134 <i>Interim Financial Reporting</i>:</p> <ul style="list-style-type: none"> Disclosure of information ‘elsewhere in the interim financial report’ – amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require 	1 January 2016	1 July 2016

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Reference	Title	Summary	Application date of standard	Application date for Company
		the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 15	Revenue from Contracts with Customers	<p>AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises 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 those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p>	1 January 2018	1 July 2018
AASB 16	Leases	The key features of AASB 16 are as follows: Lessee accounting	1 January 2019	1 July 2019

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Reference	Title	Summary	Application date of standard	Application date for Company
		<ul style="list-style-type: none"> • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees <p>Lessor accounting</p> <ul style="list-style-type: none"> • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>AASB 16 supersedes:</p> <ul style="list-style-type: none"> (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease <p>The new standard will be effective for annual periods beginning on or after 1 January</p> <p>2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>		

The Company has decided against early adoption of these standards.

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	2016	2015
	\$	\$
2. Revenue		
Franchise margin income	959,121	953,376
Interest Income	5,350	5,234
Rental Income	15,501	7,755
	979,972	966,365
3. Other expenses		
Advertising and marketing	2,269	39,929
ASIC and NSX costs	8,246	7,863
ATM leasing and running costs	7,019	9,313
Bad debts	433	607
Community sponsorship and donations	93,705	37,700
Freight and postage	16,460	17,672
Insurance	17,321	14,564
IT leasing and running costs	22,180	22,218
Occupancy running costs	61,170	50,581
Printing and stationery	2,113	20,379
Rental on operating lease	149,569	174,359
Telephone	11,160	14,387
Other operating expenses	45,283	37,898
	436,928	447,470
Remuneration of the auditors of the Company		
Audit services	11,341	11,200
Other Services	6,900	6,900
	18,241	18,100

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4. Income tax expense

No income tax is payable by the Company as it has recouped tax losses not previously brought to account for income tax purposes. However, income tax expense has been brought to account for non-claimable Resident Withholding Tax credits.

	2016	2015
	\$	\$
a. The components of tax expense comprise:		
Under/(over) provision in respect of prior years	-	-
	-	-
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 28.5% (2015: 30%)	44,162	44,971
Add:		
Tax effect of:		
— Tax credits from prior years forgone	-	-
— Deferred tax assets not brought to account	-	-
— Non-deductible depreciation and amortisation	-	-
— Other non-allowable items	-	-
Less:	44,162	44,971
Tax effect of:		
— Recoupment of prior year tax losses not previously brought to account	(44,162)	(44,971)
Income tax attributable to the Company	-	-

At reporting date, the Company had tax losses of \$5,009 (2015: \$167,469) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$1,427 (2015: \$50,241). This benefit has not been recognised as an asset in the statement of financial position as there is not a high probability of its realisation. The benefits will only be obtained if:

- i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the Company continues to comply with the conditions for deductibility imposed by the law; and
- iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

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5. Key management personnel compensation

a. Names and positions

<i>Name</i>	<i>Position</i>
Arnold Bartholomew Houwen	Non-Executive Director
Debra Anne Rule	Non-Executive Director / Chairperson
Bruce James Moriarty	Non-Executive Director
Brodie McCulloch (resigned 11 September 2015)	Non-Executive Director / Deputy Chair
John Alexander Bird	Non-Executive Director / Treasurer
Dearne Mary Russell	Non-Executive Director / Company Secretary
Donna Quinn	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report (\$Nil).

b. Remuneration of Key Management Positions

No Director of the company receives remuneration for services as a Company Director.

c. Shareholdings

Number of ordinary shares held by key management personnel.

2016 <i>Directors</i>	Ordinary Shares			
	<i>Balance at beginning of period</i>	<i>Purchased during the period</i>	<i>Other changes</i>	<i>Balance at end of period</i>
Arnold Houwen	500	-	-	500
Debra Rule	10,500	-	-	10,500
Debra Rule - Indirectly	500	-	-	500
John Alexander Bird	1,930	-	-	1,930
	13,430	-	-	13,430

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	2016	2015
	\$	\$
6. Cash and cash equivalents		
Cash at bank and in hand	<u>388,180</u>	<u>352,429</u>
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>388,180</u>	<u>352,429</u>
7. Trade and other receivables		
Trade debtors	86,877	86,500
Accrued Interest	<u>703</u>	<u>1,090</u>
	<u>87,580</u>	<u>87,590</u>
a. Provision For Impairment of Receivables		
<p>Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.</p> <p>There is no provision for impairment of receivables.</p>		
8. Other assets		
Current		
Prepayments	13,506	2,878
Other	<u>9,919</u>	<u>14,401</u>
	<u>23,425</u>	<u>17,279</u>
Non-current		
Bond	<u>32,732</u>	<u>-</u>
	<u>56,157</u>	<u>17,279</u>

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	2016	2015
	\$	\$
9. Plant and equipment		
Plant and equipment		
Cost	303,312	303,312
Accumulated depreciation	(288,796)	(282,680)
	14,516	20,632
<i>Movement in carrying amount</i>		
Balance at the beginning of the year	20,632	26,827
Additions	-	-
Depreciation expense	(6,116)	(6,195)
	14,516	20,632
10. Intangible assets		
Franchise fee		
Cost	67,781	69,423
Accumulated amortisation	(4,049)	(59,588)
	63,732	9,835
<p>Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the Company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.</p>		
11. Trade and other payables		
Trade creditors and accruals	56,155	55,360
GST payable	15,829	15,990
	71,984	71,350

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	2016	2015
	\$	\$
12. Provisions		
Current		
Provision for employee entitlements	<u>14,516</u>	<u>10,866</u>
Number of employees at year end	<u>6</u>	<u>5</u>
13. Equity		
736,759 (2015: 736,759) fully paid ordinary shares	<u>736,759</u>	<u>736,759</u>
14. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	154,954	149,904
Depreciation and amortisation	20,000	20,080
<i>Movement in assets and liabilities</i>		
Receivables	(377)	345
Other assets	(38,491)	(2,108)
Payables	(8,715)	8,919
Provisions	<u>3,651</u>	<u>1,438</u>
Net cash provided by operating activities	<u>131,022</u>	<u>178,578</u>

b. Credit Standby Arrangement and Loan Facilities

The Company has a bank overdraft facility amounting to \$250,000 (2015: \$250,000). This may be terminated at any time at the option of the bank. At 30 June 2016 this facility was not used (2015 : NIL). Interest rates are variable.

15. Related party transactions

There have been no related party transactions during the year.

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	2016	2015
	\$	\$
16. Leasing commitments		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
Not longer than 1 year	115,000	172,812
Longer than 1 year but not longer than 5 years	460,000	691,248
	<u>575,000</u>	<u>864,060</u>
Sub-lease payments		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases	<u>-</u>	<u>4,875</u>

17. Dividends

Unfranked Dividends of \$36,838 were declared during the year.

18. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2016.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Liquidity risk

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

18. Financial risk management (Cont.)

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2016.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2015 and 30 June 2016 do not include any counterparties with external credit ratings. Customers are for credit worthiness using the criteria detailed above.

c. Financial Instrument Composition and Maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

2016	Weighted Average Effective Interest Rate	Variable		Fixed		Total
		Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non- Interest Bearing	
<i>Financial Assets</i>						
Cash and cash equivalents	2.84%	-	256,299	-	131,881	388,180
Loans and receivables		-	-	-	86,877	86,877
Total Financial Assets		-	256,299	-	218,758	475,057

Financial Liability

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

Trade and other payables	-	-	-	71,984	71,984
Total Financial Liabilities	-	-	-	71,984	71,984

2015	Weighted Average Effective Interest Rate	Variable		Fixed		Non Interest Bearing	Total
		Floating Interest Rate	Within 1 Year	Within 1 to 5 Years			
<i>Financial Assets</i>							
Cash and cash equivalents	3.09%	-	204,941	-	147,488		352,429
Loans and receivables		-	-	-	86,500		86,500
Total Financial Assets		-	204,941	-	233,988		438,929
<i>Financial Liability</i>							
Trade and other payables		-	-	-	71,350		71,350
Total Financial Liabilities		-	-	-	71,350		71,350

2016	2015
\$	\$

Trade and sundry payables are expected to be paid as followed:

Less than 6 months	<u>71,984</u>	<u>71,350</u>
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d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At the reporting date 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2016

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	388,180	(7,764)	(7,764)	7,764	7,764

2015

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	352,429	(7,049)	(7,049)	7,049	7,049

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

19. Operating Segments

Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The Company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

20. Events after the Statement of Financial Position date

No matters or circumstances have arisen since the end of the financial year 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.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

22. Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Fremantle, Western Australia.

The branch operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the Community Bank branches on behalf of the Bendigo Bank, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the branch manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

23. Company details

The registered office and principal place of business of the Company is:

9 Adelaide Street

Fremantle WA 6160

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

ABN 41 114 925 174

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
4. 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.



Director

John Bird



Debra Rule

Dated this 31 day of August 2016



RSM Australia Partners

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au

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

We have audited the accompanying financial report of Fremantle Community Financial Services Limited (the "company"), which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, 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 report.

Opinion

In our opinion:

- (a) the financial report of Fremantle Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of Fremantle Community Financial Services Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.


RSM AUSTRALIA PARTNERS


DAVID WALL
Partner

Perth, WA
Dated: 5 September 2016

NSX additional information

Additional Information required by the National Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 June, 2016.

(a) Distribution of equity securities

The number of shareholders by size of holding, are:

Share Distribution Schedule	Holders	Shares Held	% L/C
1 – 1,000	178	112,757	15.30
1,001 – 5,000	61	166,999	22.67
5,001 – 10,000	15	136,002	18.46
10,001 – 100,000	9	321,001	43.57
100,001 and over	-	-	-
	263	736,759	100

There are 15 shareholders holding less than a marketable parcel of shares (\$500 in value). Their holdings total 1,755 shares.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

(b) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

		Number of shares	Number of ordinary shares
1.	Fremantle Education Centre	71,000	71,000
2.	Dreamtea Pty Ltd as trustee for the Klenowski Super Fund	70,000	70,000
3.	Ms Guart K Hoo as trustee for Prosperity Super Fund	70,000	70,000
4.	Winpar Holdings Limited	20,000	20,000
5.	Ms Judith Marie Allison	20,000	20,000
6.	Mr Russell Barker	20,000	20,000
7.	Ms Robyn O'Byrne trustee for Freo Superannuation Fund Pty Ltd	20,000	20,000
8.	Northern Suburbs Secretarial	15,001	15,001
9.	Mr Thomas E Fay and Mrs Valeria E Fay	15,000	15,000
10.	Ms Debra Rule	10,000	10,000
11.	Amore Mia Pty Ltd	10,000	10,000
12.	Mr Kevin Collins and Mrs Virginia Collins	10,000	10,000

NSX additional information

13.	Mrs Cecily Cropley as trustee for Cropley Super Fund	10,000	10,000
14.	Dietmar Mazanetz Pty Ltd	10,000	10,000
15.	Mr Ric Glover and Ms Silvan Abbruzzese	10,000	10,000
16.	Mr Salvatore Gumina	10,000	10,000
17.	Mr Lindsay J Hill and Mrs Judith A Hill	10,000	10,000
18.	Ms Amy Hoban and Mr Peter Johns	10,000	10,000
19.	Mrs Maria Mazanetz and Mr Michael P Mazanetz	10,000	10,000
20.	Mr Thomas Watson and Mrs Jeanette Watson	10,000	10,000
21.	Mrs Naomi Zeffertt and Mr Edward A. Zeffertt	10,000	10,000

(c) Voting rights

Each shareholder has one vote.

(d) Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has a Strategic Plan and Action Plan and policy framework. We believe that the building of a strategic plan and policy framework will assist to clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three Directors and a maximum of 10:
- The Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

Debra Rule	Chairperson
Arnold Houwen	Director
Bruce Moriarty	Director
John Bird	Director
Dearne Russell	Director
Donna Quinn	Director

Board responsibilities

The Board is comprised entirely of voluntary non-executive independent Directors. The skills, experience and composition of the Board is detailed in the Director's report. Details of the Director's shareholdings, their remuneration and any transactions which they have conducted with the company are included in the Director's reports and Notes to the financial statements. The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations.

As a Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board

NSX additional information

is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The Board is responsible for ensuring that management's objective and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- Monitoring of the Board's performance and communication to shareholders in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Board. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- The Annual Report is made available to all shareholders at www.bendigobank.com.au/public/community_bank/community_bank.asp?name=fremantle
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.
- Announcements on the National Stock (NSX) at www.nsx.com.au

The Board has established Audit and Risk, Human Resources and Marketing and Sponsorship Committees.

(e) Name of Company Secretary:

Dearne Mary Russell

(f) Address and telephone number of registered office:

The registered office is located at:

Fremantle Community Bank
9 Adelaide Street
Fremantle WA 6160
Telephone: (08) 9433 4969
Fax: (08) 9433 3597

The principal administrative office of the company is located at:

Fremantle Community Bank
9 Adelaide Street
Fremantle WA 6160
Telephone: (08) 9433 4969
Fax: (08) 9433 3597

(g) Address and telephone number of office at which securities register is kept.

Security Transfer Registers
70 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Fax: (08) 9315 2233

(h) Trading history

The trading history for Fremantle Community Financial Services Limited is available on the NSX website at www.nsx.com.au

Fremantle **Community Bank**[®] Branch
9 Adelaide St, Fremantle WA 6160
Phone: (08) 9433 4969 Fax: (08) 9433 5272

Franchisee: Fremantle Community Financial Services Ltd
PO Box 1469, Fremantle WA 6959
Phone: (08) 9433 4969 Fax: (08) 9433 5272
ABN: 41 114 925 174
Email: admin@bendigofreo.com.au

Share Registry: Security Transfer Registrars
770 Canning Highway, Applecross WA 6153
Phone: (08) 9315 2333 Fax: (08) 9315 2333
Email: registrar@securitytransfer.com.au

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