



## **FMC Relationship Services**

ABN 54 090 993 810

### **Financial Report**

For the Year Ended 30 June 2013



# FMC Relationship Services

ABN 54 090 993 810

## Financial Report

For the Year Ended 30 June 2013

	Page
<b>Financial Report</b>	
Directors' Report	1
Auditor's Independence Declaration	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Report	13
Directors' Declaration	25
Independent Audit Report	26

# FMC Relationship Services

ABN 54 090 993 810

## Directors' Report

For the Year Ended 30 June 2013

The directors present this report on FMC Relationship Services for the financial year ended 30 June 2013.

### Directors

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

<b>Names</b>	<b>Appointed/Resigned</b>
Mr Maurie Hansen	Resigned 9 April 2013
Mrs Julie Dixon	
Mr Kalman Rubin	Resigned 27 February 2013
Mr Ross Hyams	
Dr Becky Batagol	
Mr Ashley Saltzman	
Mr Greg Whimp	
Ms Gerlinde Scholz	Appointed November 2012

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Principal Activities

What motivates FMC?

We believe that people can improve the quality of their lives through the services we provide.

What does FMC do?

FMC provides Mediation & Counselling services including:

- Mediation for families, adolescents and workplaces
- Parenting plans
- Family dispute resolution and property mediation and settlement
- Counselling on relationships and finances for families, couples and children
- Programs for developing parenting skills
- Education about relationships and supporting children
- General advice and referrals for families and separating couples

We also are delivering high quality consultancy and training services across Australia.

No significant change in the nature of these activities occurred during the year.

# FMC Relationship Services

ABN 54 090 993 810

## Directors' Report

For the Year Ended 30 June 2013

### Short term objectives

In response to a number of issues facing FMC a new strategic direction was enacted from November 2012 onwards.

The short term objectives became:

1. Set a clear and enactable strategic Vision and set of Values for a sustainable organisation
2. Evolve targeted strategies to respond to external influences
3. Establish a new operational model and structure

Strategies were then set to fulfil these objectives:

- Create a new Strategic Plan
- Review trading name and establish a new brand positioning and identification
- Establish a new client friendly website that is industry leading
- Review positions through focusing on staff accountability and productivity and setting caseloads/KPI's per worker
- Focus on program management by establishing the framework for a Centralised Intake Service and plan for move away from a decentralised model (branches)
- Seek cost efficiencies through a review of management and admin positions ratios
- Establish a functional management structure to improve performance eg. HR, practice model development, sector research, quality service management and governance, data analysis and reporting
- Invest in IT and support resources to improve operational efficiencies and redress deficiencies
- Review and establish a better framework of systems, policies and procedures
- Improve compliance framework
- Review the servicing of vulnerable and disadvantaged clients
- Implement practice responses to evidence based findings

### Long term objectives

Beyond the strategic implementations of FY2013, a new strategic framework was established for longer term goal setting. The focus is on fulfilling against four strategic areas:

- Goal 1: Sustainable Growth In All That We Do
- Goal 2: Creating High Quality Services
- Goal 3: Enhance Our Culture
- Goal 4: Invest In Our Future

In the planning process, each of the Goals has a set of strategies and KPI's ascribed to each. This was then briefed to staff and each staff member set individual KPIs against each goal for the ensuing year.

# FMC Relationship Services

ABN 54 090 993 810

## Directors' Report

For the Year Ended 30 June 2013

### Governance and Accountability

In FY2013 we ensured that:

- The organisation had the resources to carry out its Governance obligations.
- The Board was supported.
- The Strategic Plan and Organisation Policies were implemented, monitored and reviewed as part of the organisation planning cycle.
- The organisation sustained its ongoing viability through diligent financial stewardship, effective quality assurance and risk management strategies.

### Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Area	Measure	Actual Result	Benchmark	Variance Surplus/ (Deficit)
<i>Financial</i>	Revenue (000's)	7,069	7,149	(80)
	Expenses (000's)	7,328	7,385	(57)
	Surplus/(Deficit) (000's)	(258)	(236)	22
<i>FRS Clients</i>	Attended session (not including Financial Counselling Clients)	5206	5072	134
<i>Business Activity</i>	Completed Annual Service Plan		Yes	
	Completed Disadvantaged and Isolated Plan		Yes	
	FaHCSIA Reporting requirements met		Yes	
	ASIC and ATO requirements		Yes	

# FMC Relationship Services

ABN 54 090 993 810

## Directors' Report

For the Year Ended 30 June 2013

### Information on Directors

Mr Maurie Hansen	Resigned 9 April 2013.
Qualifications	BSci, BSocial Work.
Experience	Appointed Chairman in 2008. Board Member since 2004.
Special Responsibilities	Vice Chairman of the Board until 2011. Assisting with expertise in practice, governance, management and changes to mediation practice.
Mrs Julie Dixon	Chair from March 2013 Treasurer from November 2010 to February 2013
Qualifications	Fellow Professional National Institute of Accountants; Registered Tax Agent.
Experience	Board Member since 2000.
Special Responsibilities	Chair, Treasurer Member of Board Executive Member of Board Finance, Risk and Audit Sub Committee
Mr Kalman Rubin	Resigned 27 February 2013. Chair from January 2012 to February 2013
Qualifications	BGS Psychology, Marketing and Literature Ohio University; MSSA Clinical Psychotherapy and Family Therapy.
Experience	Board Member since 2004. Former Director of residential services and therapist for children and families. Manager of counselling and mediation services in the Family Court. Private therapeutic and mediation practice.
Special Responsibilities	Member of Board Executive Subcommittee. Assisting with expertise in practice, governance, management and changes to family mediation practice.
Mr Ross Hyams	Deputy Chair from January 2012
Qualifications	BA, LLB, LLM
Experience	Board Member since 2009
Special Responsibilities	Deputy Chair of the Board from January 2012. Professional expertise in community law, family law and dispute resolution.
Mr Greg Whimp	Treasurer from March 2013 Director from June 2012
Qualifications	Bachelor of Commerce, Graduate (Aust Institute of Company Directors) and Graduate Diploma in Financial Planning (Securities Institute of Australia).
Experience	Board Member since June 2012.
Special Responsibilities	Member of Board Finance, Risk and Audit Sub Committee.

# FMC Relationship Services

ABN 54 090 993 810

## Directors' Report

For the Year Ended 30 June 2013

### Information on Directors continued

Dr Becky Batagol	Director. Company Secretary from September 2011.
Qualifications	BA (Hons), LLB (Hons), PhD.
Experience	Lecturer, Faculty of Law, Monash University since 2006. Board Member since 2009.
Special Responsibilities	Company Secretary from September 2011 Member of Board Executive Subcommittee Professional expertise in research into family law and dispute resolution
Mr Ashley Saltzman	Director
Qualifications	Bachelor of Business (Accounting), CPA (CPA Australia), Mediation (Bond University).
Experience	Board Member.
Special Responsibilities	Member of Board Recruitment Sub Committee.
Ms Gerlinde Scholz	Director
Qualifications	Bachelor of Arts (Melbourne University) and BA Hons (LaTrobe University) Member of Australian Institute of Company Directors.
Experience	Board Member since November 2012.
Special Responsibilities	Member of Board Recruitment Sub Committee.

### Members guarantee

The company is incorporated under the Corporations Act 2001 and is an company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 30 June 2013 the collective liability of members was \$840.



# FMC Relationship Services

ABN 54 090 993 810

## Directors' Report

For the Year Ended 30 June 2013

### Meetings of directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number required to attend	Number attended
Mr Maurie Hansen	9	9
Mrs Julie Dixon	13	12
Mr Kalman Rubin	8	6
Mr Ross Hyams	13	10
Dr Becky Batagol	13	12
Mr Ashley Saltzman	13	10
Mr Greg Whimp	13	11
Ms Gerlinde Scholz	9	8

During the financial year, 11 Finance, Risk and Audit Committee meetings were held. Attendances by each director during the year were as follows:

	Finance, Risk & Audit Committee Meeting	
	Number eligible to attend	Number attended
Mrs Julie Dixon	11	11
Mr Greg Whimp	11	11

Requirement to attend does not include meetings where Director granted permission by the Board for leave of absence in accordance with cl. 4.1(k)(iii) of our 2012 Constitution.

Director Maurie Hansen excused himself from two Board meetings to avoid the perception of conflict of interest on the issues discussed.

# FMC Relationship Services

ABN 54 090 993 810

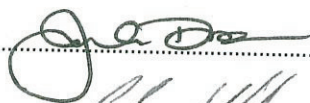
## Directors' Report

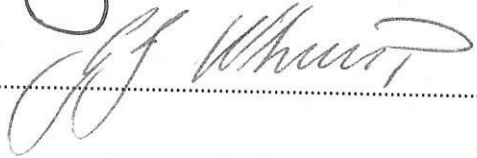
For the Year Ended 30 June 2013

### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 8.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....

Director:  .....

Dated: 7 October 2013

## FMC Relationship Services

ABN 54 090 993 810

### Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson Chartered Accountants

Peter Shields

Partner

Blackburn VIC

Dated 7 October 2013

# FMC Relationship Services

ABN 54 090 993 810

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

		2013	2012
	Note	\$	\$
Revenue	3	7,069,934	7,081,069
Marketing expense		(95,452)	(74,218)
Occupancy costs	2	(439,372)	(445,815)
Employee benefits expense	2	(4,610,404)	(4,420,548)
Consulting and legal expenses	2	(642,682)	(344,915)
Membership expense		(23,342)	(16,039)
Bank charges and interest		(79,574)	(103,112)
Depreciation	2	(417,208)	(406,943)
Other expenses		(1,020,047)	(1,119,589)
<b>Total expenses</b>		<b>(7,328,081)</b>	<b>(6,931,179)</b>
<b>Surplus/(deficit) for the year</b>		<b>(258,147)</b>	<b>149,890</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(258,147)</b>	<b>149,890</b>

The accompanying notes form part of the financial report

# FMC Relationship Services

ABN 54 090 993 810

## Statement of Financial Position

As at 30 June 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,133,623	2,076,294
Trade and other receivables	5	89,851	104,953
Financial assets	6	146,260	142,461
Other current assets	7	54,856	100,696
<b>Total current assets</b>		<b>2,424,590</b>	<b>2,424,404</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	3,453,655	3,676,071
<b>Total non-current assets</b>		<b>3,453,655</b>	<b>3,676,071</b>
<b>TOTAL ASSETS</b>		<b>5,878,245</b>	<b>6,100,475</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	579,074	324,931
Borrowings	10	205,008	205,008
Short-term provisions	11	330,551	418,049
Other current liabilities	12	569,696	538,845
<b>Total current liabilities</b>		<b>1,684,329</b>	<b>1,486,833</b>
<b>Non-current liabilities</b>			
Borrowings	10	614,112	816,583
Other long-term provisions	11	111,701	70,809
<b>Total non-current liabilities</b>		<b>725,813</b>	<b>887,392</b>
<b>TOTAL LIABILITIES</b>		<b>2,410,142</b>	<b>2,374,225</b>
<b>NET ASSETS</b>		<b>3,468,103</b>	<b>3,726,250</b>
<b>EQUITY</b>			
Accumulated surpluses		3,468,103	3,726,250
<b>TOTAL EQUITY</b>		<b>3,468,103</b>	<b>3,726,250</b>

The accompanying notes form part of the financial report

# FMC Relationship Services

ABN 54 090 993 810

## Statement of Changes in Equity

For the Year Ended 30 June 2013

### 2013

	Accumulated Surpluses \$	Total \$
Balance at 1 July 2012	3,726,250	3,726,250
Deficit from ordinary activities	(258,147)	(258,147)
<b>Balance at 30 June 2013</b>	<b>3,468,103</b>	<b>3,468,103</b>

### 2012

	Accumulated Surpluses \$	Total \$
Balance at 1 July 2011	3,576,359	3,576,359
Surplus from ordinary activities	149,891	149,891
<b>Balance at 30 June 2012</b>	<b>3,726,250</b>	<b>3,726,250</b>

# FMC Relationship Services

ABN 54 090 993 810

## Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
<b>Cash from operating activities:</b>			
Receipts from funding bodies and clients		7,489,925	7,976,964
Payments to suppliers and employees		(7,016,058)	(6,962,564)
Interest received		64,098	118,942
Interest paid		(79,575)	(113,243)
<b>Net cash provided by (used in) operating activities</b>	14	<b>458,390</b>	<b>1,020,099</b>
<b>Cash flows from investing activities:</b>			
Placement of term deposit		(3,799)	(10,075)
Acquisition of property, plant and equipment		(194,792)	(153,202)
<b>Net cash used by investing activities</b>		<b>(198,591)</b>	<b>(163,277)</b>
<b>Cash flows from financing activities:</b>			
Proceeds (repayment) from borrowings		(202,470)	(190,461)
<b>Net cash used by financing activities</b>		<b>(202,470)</b>	<b>(190,461)</b>
<b>Net cash increase (decreases) in cash and cash equivalents</b>		<b>57,329</b>	<b>666,361</b>
Cash and cash equivalents at beginning of year		2,076,294	1,409,933
<b>Cash and cash equivalents at end of year</b>	4	<b>2,133,623</b>	<b>2,076,294</b>

The accompanying notes form part of the financial report

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 1 Summary of Significant Accounting Policies

The directors have prepared the financial report on the basis that the company is a non-reporting company because there are no users who are dependent on its general purpose financial statements. This financial report are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a not-for-profit entity for reporting purposes under Australian Accounting Standards.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial report has been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The financial statements were authorised for issue on 7 October 2013 by the directors of the company.

The accounting policies that have been adopted in the preparation of the report are as follows:

#### Accounting Policies

##### 1a Revenue

Revenue from the rendering of services is recognised upon the delivery of the service to customers and clients.

Grant revenue is recognised in the income statement when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably. Government grants are typically recognised every month, on an accruals basis.

Where grants relate to activities not yet undertaken, and there is an obligation to repay those funds if they are not spent for the approved purpose then such funds are recognised as an "income received in advance" liability until such time as the funded activities are undertaken. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Other revenue is recognised when the right to receive the revenue has been established.

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



# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 1 Summary of Significant Accounting Policies continued

#### 1b Property, plant and equipment

Each class of property, plant and equipment is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

##### Land and buildings

Freehold land and buildings are shown at cost less subsequent depreciation of buildings.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 depreciated replacement cost.

##### Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Fit out costs	6.67-10%
Furniture, fixtures and fittings	13-17%
Motor vehicles	33%
Computer and software equipment	33%
Leasehold improvements	14-33%

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

#### 1c Financial instruments

##### Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 1 Summary of Significant Accounting Policies continued

#### 1d Leases

##### Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

#### 1e Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in statement of comprehensive income.

#### 1f Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

#### 1g 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.

#### 1h 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### **Note 1      Summary of Significant Accounting Policies continued**

#### **1i      Income taxes**

No provision income tax assets or liabilities have been raised by the company as it is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

#### **1j      Unearned revenue**

Unearned revenue shown in the accounts relates to unexpended grant funding received. These amounts will be brought to account once the conditions attached to the grant are satisfied. See Note 1a and Note 12 for further information.

#### **1k      Comparative Figures**

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

When an company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial report, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

#### **1l      Critical accounting estimates and judgments**

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

##### **Impairment**

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using depreciated replacement cost which incorporate various key assumptions.

##### **Property, plant and equipment**

Property, plant and equipment are depreciated over their useful life and the depreciation rates and basis are assessed when the assets are acquired or when there is significant change that affects the remaining useful life of the asset. The directors have assessed the value of the land portion based on the site value of the council's rates notice.

##### **Income Recognition**

The company assesses the extent to which services have been provided under each funded program and unearned revenue is recognised to the extent funding has been received prior to the service delivery. The assessment requires estimates and judgements in relation to the level of services provided.

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 1 Summary of Significant Accounting Policies continued

#### 1m New accounting standards for application in future periods

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the company's financial statements.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
  - (i) for an offer that may be withdrawn – when the employee accepts;
  - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
  - (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets and if earlier than the first two conditions when the related restructuring costs are recognised.

These changes are not expected to significantly impact the company's financial statements.

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 2 Surplus from Ordinary Activities

#### Expenses from Ordinary Activities

	Note	2013 \$	2012 \$
Depreciation of property, plant and equipment		417,208	406,943
Bad and doubtful debts		(5,415)	5,441
Consulting and legal expenses	(a)	642,682	344,915
Employee benefit expense		4,610,404	4,420,548
Remuneration of auditor			
Auditing or reviewing the financial report		18,850	10,438
Rental expense on operating leases			
Minimum lease payments		439,372	445,815

- (a) For the 2013 financial year, there were a substantial number of structural initiatives undertaken required the consulting services of external providers in the expert areas of Branding, Website development, Benchmarking, Practice development, IT support, IT systems planning, Policy formulation, Report development, Compliance and Legal.

### Note 3 Revenue

Operating activities		
- Grant funding	6,615,301	6,545,093
- Revenue from clients	380,914	407,318
- Interest received	64,098	118,942
- Other revenue	9,621	9,716
Total Revenue	<u>7,069,934</u>	<u>7,081,069</u>

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 4 Cash and Cash Equivalents

	2013	2012
	\$	\$
Cash on hand	3,225	3,225
Cash at bank	2,130,398	2,073,069
	<u>2,133,623</u>	<u>2,076,294</u>

### Note 5 Trade and other receivables

#### CURRENT

Trade and other receivables	89,851	110,368
Provision for impairment of receivables	-	(5,415)
	<u>89,851</u>	<u>104,953</u>

### Note 6 Financial assets

#### Held-to-maturity Investments Comprise:

Term deposit	146,260	142,461
	<u>146,260</u>	<u>142,461</u>

- (a) The term deposits held with the National Australia Bank (NAB) have original terms of one year, six months and six months and mature 22 July 2013, 6 October 2013, 28 October 2013 respectively. Term deposits with original maturity of greater than three months are classified as financial assets. Interest is received on the term deposit at a rate of 4.65%, 4.10% and 4.00% per annum respectively. The six month term deposit is in connection with a bank guarantee held in relation to the rental bond on the Oakleigh rental property. See Note 13 for additional information.

### Note 7 Other Assets

#### CURRENT

Prepayments	45,106	90,946
Rental bond	9,750	9,750
	<u>54,856</u>	<u>100,696</u>

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 8 Property plant and equipment

	2013 \$	2012 \$
<b>LAND AND BUILDINGS</b>		
At cost	8(a) (b) 2,296,617	2,296,617
Less accumulated depreciation	(73,694)	(50,531)
Total land and buildings	<u>2,222,923</u>	<u>2,246,086</u>
<b>PLANT AND EQUIPMENT</b>		
<b>Furniture, fixtures and fittings</b>		
At cost	756,732	745,852
Less accumulated depreciation	(514,318)	(406,042)
Total furniture, fixtures and fittings	<u>242,414</u>	<u>339,810</u>
<b>Motor vehicles</b>		
At cost	47,094	47,094
Less accumulated depreciation	(8,967)	(5,180)
Total motor vehicles	<u>38,127</u>	<u>41,914</u>
<b>Computer and software equipment</b>		
At cost	791,717	679,321
Less accumulated depreciation	(633,320)	(497,266)
Total computer equipment	<u>158,397</u>	<u>182,055</u>
<b>Leasehold improvements</b>		
At cost	713,920	642,404
Less accumulated depreciation	(614,786)	(567,380)
Total improvements	<u>99,134</u>	<u>75,024</u>
<b>Buildings fit out</b>		
At cost	985,217	985,217
Less accumulated depreciation	(292,557)	(194,035)
Total leasehold improvements	<u>692,660</u>	<u>791,182</u>
Total property, plant and equipment	<u>3,453,655</u>	<u>3,676,071</u>

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 8 Property plant and equipment continued

- (a) The National Australia Bank holds registered mortgages over the properties situated at Lots 2 & 3, The Gateway, Broadmeadows VIC, 367 Maroondah Highway Ringwood VIC and 86 Victor Crescent Narre Warren VIC and a fixed and floating charge over the whole of the company's assets, including uncalled capital.
- (b) A valuation of all land and buildings was last undertaken as at 28 May 2012 by PP&E Valuations Pty Ltd. The value land and buildings at the time was \$2,435,000.

### Note 9 Trade and other payables

	2013	2012
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	526,758	241,980
Other payables	52,316	82,951
	<u>579,074</u>	<u>324,931</u>

### Note 10 Borrowings

<b>CURRENT</b>		
Secured liabilities		
Bank loans	(a) <u>205,008</u>	205,008
	<u>205,008</u>	<u>205,008</u>
<b>NON-CURRENT</b>		
Secured liabilities		
Bank loans	(a) <u>614,112</u>	816,583
	<u>614,112</u>	<u>816,583</u>

- (a) Consolidated bank loan:  
During the 2012 financial year FMC Relationship Services consolidated three previous bank loan facilities into one consolidated facility. This facility expires on 31 July 2019. Interest only repayments in arrears are required, however FMC Relationship Services are also paying principal amounts of \$17,084 per month. The indicated interest rate at 30 June 2013 was 6.55% p.a. This loan is secured by a registered mortgage over the properties situated at Lot 2 & 3 The Gateway, Broadmeadows, Victor Crescent, Narre Warren and Maroondah Highway, Ringwood VIC and a fixed and floating charge over the whole of the company's assets.



# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 11 Provisions

	2013 \$	2012 \$
<b>CURRENT</b>		
Employee benefits	330,551	418,049
	<u>330,551</u>	<u>418,049</u>
<b>NON-CURRENT</b>		
Employee benefits	111,701	70,809
	<u>111,701</u>	<u>70,809</u>

### Note 12 Other Liabilities

<b>CURRENT</b>		
Government grants in advance	569,696	538,845
	<u>569,696</u>	<u>538,845</u>

- (a) The company assesses the extent to which services have been provided under each funded program and unearned revenue is recognised to the extent funding has been received prior to the service delivery where there is a repayment requirement.

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 13 Capital and Leasing Commitments

#### Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial report

	2013	2012
	\$	\$
Payable		
- not later than 12 months	366,936	373,619
- between 12 months and 5 years	85,966	328,517
	<b>452,902</b>	<b>702,136</b>

The operating lease consists of property leases for Moorabbin, Traralgon and Chadstone, motor vehicle leases for 2 cars and leases for 2 photocopiers. They are non-cancellable leases with rent payable monthly in advance, with the exception of the 2 photocopiers which are cancellable at any time.

The Moorabbin lease was renewed for a further 3 years on 1 November 2011 and will expire on 31 October 2014.

The Traralgon lease was renewed for a further 3 years on 1 July 2011 and will expire on 30 June 2014.

The Chadstone lease was renewed for a further 3 years on 1 June 2011 and will expire on 30 May 2014.

Contingent rental provisions within the property lease agreements require that the minimum lease payments shall be increased by the CPI annually.

Contingent rental provisions within the property lease agreements require that the minimum lease payments shall be increased by the CPI annually.

### Note 14 Cash Flow Information

#### Reconciliation of cash flow from operations with surplus for the year

Surplus (deficit) from ordinary activities	(258,147)	149,891
Non-cash flows in surplus		
Depreciation	417,208	406,943
Provision for doubtful debts	(5,415)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	20,518	108,262
(Increase)/decrease in prepayments	45,840	(11,911)
Increase/(decrease) in trade payables and accruals	313,943	(43,406)
Increase/(decrease) in income in advance	(28,951)	431,094
Increase/(decrease) in provisions	(46,606)	(20,774)
	<b>458,390</b>	<b>1,020,099</b>

# FMC Relationship Services

ABN 54 090 993 810

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### Note 15 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

#### 15a Bank Guarantee

	2013	2012
	\$	\$
The company has provided a bank guarantee to the landlords of the Moorabbin and Chadstone premises	122,936	72,936

#### 15b Government Funding

A liability to repay the Government Funding may arise if the company ceases to operate family relationship services. The directors believe that FMC Relationship Services will continue to fulfil their funding requirement and have not recognised the amount as a liability.

#### 15c Asset purchased under grant funding

According to the grant agreements, when assets are purchased with grant funding, these assets must be used in accordance with the grant agreement. If an asset is sold or disposed of and has not been fully depreciated, FMC Relationship Services may be required to pay back a proportion of the value of the asset following depreciation, that is equivalent to the proportion of the purchase price of the asset that was funded from the grant. If assets are held at the end of the funding agreement and have not been fully depreciated, FMC Relationship Services may be required to pay back a proportion of the value of the asset following depreciation, that is equivalent to the proportion of the purchase price of the asset that was funded from the grant.

### Note 16 Economic Dependence

The company is dependent on the continued funding from government grants. Approximately 93% of the company's revenue is sourced from Federal government grants.

### Note 17 Company Details

The registered office of the company is:

FMC Relationship Services  
Level 4, 1001 Nepean Highway  
Moorabbin VIC 3189

## FMC Relationship Services

ABN 54 090 993 810

### Directors' Declaration

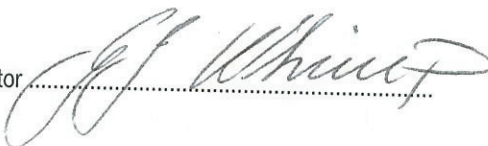
The directors have determined that the company is not a reporting company and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial report and notes, as set out on pages 9 to 24, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards as described in Note 1 to the financial report and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial report.
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.

Director 

Director 

Dated 7 October 2013

## FMC Relationship Services

ABN 54 090 993 810

### Independent Audit Report to the members of FMC Relationship Services

#### Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of FMC Relationship Services (the company), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 company'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 company'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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements and Corporations Act 2001.

## FMC Relationship Services

ABN 54 090 993 810

### Independent Audit Report to the members of FMC Relationship Services

#### *Auditor's opinion*

In our opinion the financial report of FMC Relationship Services 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 2013 and of their performance for the year ended on that date; and
- (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 to the extent described in Note 1.

#### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

#### *Saward Dawson Chartered Accountants*



Peter Shields  
Partner

Blackburn VIC  
Dated 7 October 2013