



FMC Relationship Services
ABN: 54 090 993 810

Financial Statements for the year ended
30 June 2014

FMC Relationship Services

ABN 54 090 993 810

Financial Report

For the Year Ended 30 June 2014

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FMC Relationship Services

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Directors' Report

For the Year Ended 30 June 2014

The directors present this report on FMC Relationship Services for the financial year ended 30 June 2014.

Directors

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

Names	Appointed/Resigned
Mrs Julie Dixon	
Mr Ross Hyams	Resigned October 2013
Dr Becky Batagol	
Mr Ashley Saltzman	
Mr Greg Whimp	Resigned August 2014
Ms Gerlinde Scholz	
Ms Michelle Lac	Appointed November 2013
Mr David Speyer	Appointed February 2014
Mr Peter Saunders	Appointed July 2014

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

Principal Activities

We believe that people can improve the quality of their lives through the Mediation and Counselling services we provide, 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 deliver high quality consultancy and training services across Australia.

There have been no significant changes in the nature of these activities during the year.

Highlights and Key Outcomes

FMC has achieved significant outcomes for the financial year 2013/14 including:

1. New 5 year funding agreements have been secured with the Department of Social Services for the provision of Family Dispute Resolution, Counselling and Child Counselling. Additionally, FMC has received a new 1 year funding agreement for the Gippsland Family Law Pathways Network.
2. Achievement of \$60,000 surplus
3. Services are evidence based and of the highest quality
4. A clear growth blueprint for a sustainable organisation developed.
5. Implementation of a centralised Consumer Support Service

Please refer to our website www.mediation.com.au for additional information

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Directors' Report

For the Year Ended 30 June 2014

Governance and Accountability

In FY 2014 we ensured that:

- The organisation had the resources to carry out its governance obligations
- 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 measured its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks were used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives were achieved.

Area	Measure	Actual Result	Benchmark	Variance Surplus/ (Deficit)	Variance %
<i>Financial</i>	Revenue (000's)	7,250	7,334	(84)	1
	Expenses (000's)	7,190	7,627	437	6
	Surplus/(Deficit) (000's)	60	(293)	353	125
<i>Staff</i>	FTE	54.6	61.0	(6.4)	10
	Number	65	73	(8)	11
<i>Business Activity</i>	Completed Annual Service Plan		Yes		
	Completed Disadvantaged and Isolated Plan		Yes		
	DSS Reporting requirements met		Yes		
	ASIC and ATO requirements		Yes		
<i>Client Activity</i>	Total number of Clients	6,184	6,000	184	3

Information on Directors

Mrs Julie Dixon	Chair from March 2013
Qualifications	Fellow Professional National Institute of Accountants; Registered Tax Agent.
Experience	Board Member since 2000
Special Responsibilities	Chair Member of Board Finance, Risk and Audit Sub-Committee
Mr Ross Hyams	Resigned October 2013 Deputy Chair from January 2012 to October 2013
Qualifications	BA, LLB, LLM
Experience	Board Member since 2009
Special Responsibilities	Deputy Chair of the Board from January 2012 to October 2013

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Directors' Report

For the Year Ended 30 June 2014

Information on Directors continued

Ms Gerlinde Scholz	Director Deputy Chair from November 2013
Qualifications	Master of Arts (Melbourne University) and BA Hons (La Trobe University) Member of Australia Institute of Company Directors
Experience	Board Member since November 2012
Special Responsibilities	Member of Board Recruitment Sub-Committee
Mr Greg Whimp	Resigned August 2014 Treasurer from March 2013 to August 2014 Director
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
Dr Becky Batagol	Leave of Absence from April 2014 to January 2015 Director
Qualifications	Bachelor of Arts (Hons), Bachelor of Laws (Hons), Doctor of Philosophy
Experience	Board Member since 2009
Special Responsibilities	Company Secretary from September 2011 to March 2014
Mr David Speyer	Director Company Secretary March 2014 - September 2014 Treasurer from October 2014
Qualifications	Chartered Accountant, Institute of Chartered Accountants of England and Wales
Experience	Board Member since February 2014
Special Responsibilities	Member of Board Finance, Risk and Audit Sub-Committee
Ms Michelle Lac	Director
Qualifications	Bachelor of Information Technology, Swinburne University Member of the Australian Institute of Company Directors Certified Practising Project Director Registered Program and Project Management Consultant
Experience	Board Member since November 2013
Mr Ashley Saltzman	Director
Qualifications	Bachelor of Business (Accounting), CPA (CPA Australia), Mediation (Bond University)
Experience	Board Member since May 2012
Special Responsibilities	Member of the Board of Recruitment Sub-Committee

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Directors' Report

For the Year Ended 30 June 2014

Information on Directors continued

Mr Peter Saunders	Director Company Secretary from October 2014
Qualifications	Bachelor of Laws, Bachelor of Commerce (Finance), Chartered Accountant Master of Science and Technology Commercialisation
Experience	Board Member since July 2014
Special Responsibilities	Member of Board Finance, Risk and Audit Sub-Committee

Members guarantee

The company is incorporated under the Corporations Act 2001 and is a 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 2014 the collective liability of members was \$520.

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
Mrs Julie Dixon	11	9
Mr Ross Hyams	4	3
Ms Gerlinde Scholz	11	11
Mr Greg Whimp	11	9
Dr Becky Batagol	8	8
Mr David Speyer	7	7
Ms Michelle Lac	9	9
Mr Ashley Saltzman	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.

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Directors' Report

For the Year Ended 30 June 2014

During the financial year, 12 Finance, Risk and Audit Committee meetings were held. Attendances by each director during the year were as follows:


	Finance, Risk & Audit Committee Meeting	
	Number held	Number attended
Mrs Julie Dixon	12	10
Mr Greg Whimp	12	12

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 6 of the financial report.

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

Director: 

Director: 

DAVID SPEUER

Dated: 28th October 2014

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Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

*Saward Dawson***Saward Dawson Chartered Accountants**

Peter Shields
Partner

Blackburn VIC
Dated

28 October 2014

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	7,250,497	7,069,934
Marketing expense		(77,250)	(95,452)
Occupancy costs		(429,386)	(439,372)
Employee benefits expense		(4,814,674)	(4,748,552)
Consulting and legal expenses		(514,864)	(642,682)
Membership expense		(13,865)	(23,342)
Bank charges and interest		(59,084)	(79,574)
Depreciation		(372,355)	(417,208)
Other expenses		(909,385)	(881,899)
Total expenses		(7,190,863)	(7,328,081)
Surplus/(deficit) for the year		59,633	(258,147)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		59,633	(258,147)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,725,835	2,133,623
Trade and other receivables	5	230,420	89,851
Financial assets	6	150,357	146,260
Other assets	7	47,702	54,856
Total current assets		2,154,314	2,424,590
Non-current assets			
Property, plant and equipment	8	3,153,109	3,453,655
Total non-current assets		3,153,109	3,453,655
TOTAL ASSETS		5,307,423	5,878,245
LIABILITIES			
Current liabilities			
Trade and other payables	9	434,508	579,074
Borrowings	10	205,008	205,008
Short-term provisions	11	397,248	330,551
Other current liabilities	12	284,028	569,696
Total current liabilities		1,320,792	1,684,329
Non-current liabilities			
Borrowings	10	392,020	614,112
Other long-term provisions	11	66,875	111,701
Total non-current liabilities		458,895	725,813
TOTAL LIABILITIES		1,779,687	2,410,142
NET ASSETS		3,527,736	3,468,103
EQUITY			
Accumulated surpluses		3,527,736	3,468,103
TOTAL EQUITY		3,527,736	3,468,103

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Accumulated Surpluses \$	Total \$
Balance at 1 July 2013	3,468,103	3,468,103
Surplus for the year	59,633	59,633
Balance at 30 June 2014	3,527,736	3,527,736

2013

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

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2014

	2014	2013
Note	\$	\$
Cash from operating activities:		
Receipts from funding bodies and clients	7,522,039	7,489,925
Payments to suppliers and employees	(7,615,746)	(7,016,058)
Interest received	43,001	64,098
Interest paid	(59,084)	(79,575)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	14 (109,790)	458,390
Cash flows from investing activities:		
Placement of term deposit	(4,097)	(3,799)
Acquisition of property, plant and equipment	(71,809)	(194,792)
	<hr/>	<hr/>
Net cash used by investing activities	(75,906)	(198,591)
Cash flows from financing activities:		
Proceeds (repayment) from borrowings	(222,092)	(202,470)
	<hr/>	<hr/>
Net cash used by financing activities	(222,092)	(202,470)
Net cash increase (decreases) in cash and cash equivalents	(407,788)	57,329
Cash and cash equivalents at beginning of year	2,133,623	2,076,294
	<hr/>	<hr/>
Cash and cash equivalents at end of year	4 1,725,835	2,133,623

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Accounting Policies

(a) Basis of preparation

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. These financial reports are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Australian Charities and Not-For-Profit Commission Act 2012. 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 Australian Charities and Not-For-Profit Commission Act 2012 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members.

The financial reports, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

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

(b) 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).

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Notes to the Financial Statements

For the Year Ended 30 June 2014

(c) 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.

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.

(d) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

(j) 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.

FMC Relationship Services is registered with the Australian Charities and Not-For-Profit Commission as a Charitable Institution and operates the Family Mediation Centre (Couples Mediation) Fund which has deductible gift recipient status.

(k) 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.

(l) 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 costs 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Revenue

	2014	2013
	\$	\$
Operating activities		
- Grant funding	6,818,041	6,615,301
- Revenue from clients	379,968	380,914
- Interest received	43,001	64,098
- Other revenue	9,488	9,621
Total Revenue	7,250,497	7,069,934

3 Expenses

Bad and doubtful debts	-	(5,415)
Auditor's remuneration	18,850	18,850

4 Cash and Cash Equivalents

Cash on hand	1,425	3,225
Cash at bank	1,724,410	2,130,398
	1,725,835	2,133,623

5 Trade and other receivables

CURRENT

Trade and other receivables	230,420	89,851
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6 Financial assets

Term deposits - held to maturity	150,357	146,260
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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 2014, 6 October 2014, 28 October 2014 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 4.03%, 3.15%, and 3.15% respectively.

7 Other Assets

CURRENT

Prepayments	37,952	45,106
Rental bond	9,750	9,750
	47,702	54,856

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Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property plant and equipment

	Note	2014 \$	2013 \$
LAND AND BUILDINGS			
At cost	8(a)(b)	2,296,618	2,296,617
Less accumulated depreciation		(88,646)	(73,694)
Total land and buildings		2,207,972	2,222,923
PLANT AND EQUIPMENT			
Furniture, fixtures and fittings			
At cost		693,359	756,732
Less accumulated depreciation		(541,820)	(514,318)
Total furniture, fixtures and fittings		151,539	242,414
Motor vehicles			
At cost		47,094	47,094
Less accumulated depreciation		(15,692)	(8,967)
Total motor vehicles		31,402	38,127
Computer and software equipment			
At cost		629,280	791,717
Less accumulated depreciation		(501,270)	(633,320)
Total computer equipment		128,010	158,397
Leasehold improvements			
At cost		713,920	713,920
Less accumulated depreciation		(674,013)	(614,786)
Total improvements		39,907	99,134
Buildings fit out			
At cost		993,567	985,217
Less accumulated depreciation		(399,289)	(292,557)
Total leasehold improvements		594,278	692,660
Total property, plant and equipment		3,153,109	3,453,655

- (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.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

9 Trade and other payables

	Note	2014 \$	2013 \$
CURRENT			
Unsecured liabilities			
Trade payables		382,408	526,758
Other payables		52,100	52,316
		<u>434,508</u>	<u>579,074</u>

10 Borrowings

CURRENT

Secured liabilities

Bank loans

(a)	<u>205,008</u>	<u>205,008</u>
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NON-CURRENT

Secured liabilities

Bank loans

(a)	<u>392,020</u>	<u>614,112</u>
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(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 2014 was 6.325% 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.

11 Provisions

CURRENT

Employee benefits

<u>397,248</u>	<u>330,551</u>
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<u>397,248</u>	<u>330,551</u>
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NON-CURRENT

Employee benefits

<u>66,875</u>	<u>111,701</u>
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<u>66,875</u>	<u>111,701</u>
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Notes to the Financial Statements

For the Year Ended 30 June 2014

12 Other Liabilities

	2014	2013
	\$	\$
CURRENT		
Government grants in advance	284,028	569,696
	<u>284,028</u>	<u>569,696</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.

13 Capital and Leasing Commitments

Operating Lease Commitments

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

Payable

- not later than 12 months	282,898	366,936
- between 12 months and 5 years	303,396	85,966
	<u>586,294</u>	<u>452,902</u>

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. Lease renewed for a further one year and will expire on 30 June 2015.

The Chadstone lease was renewed for a further 3 years on 1 June 2011 and will expire on 30 May 2014. Lease renewed for a further 3 years and will expire on 30 May 2017.

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

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Notes to the Financial Statements

For the Year Ended 30 June 2014

14 Cash Flow Information

Reconciliation of cash flow from operations with surplus for the year

	2014	2013
	\$	\$
Surplus (deficit) from ordinary activities	59,633	(258,147)
Non-cash flows in surplus		
Depreciation	372,355	417,208
Provision for doubtful debts	-	(5,415)
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	(140,569)	20,518
(Increase)/decrease in prepayments	7,154	45,840
Increase/(decrease) in trade payables and accruals	(144,566)	313,943
Increase/(decrease) in income in advance	(285,668)	(28,951)
Increase/(decrease) in provisions	21,871	(46,606)
	<u>(109,790)</u>	<u>458,390</u>

15 Contingent Liabilities and Contingent Assets

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

(a) **Bank Guarantee**

The company has provided a bank guarantee to the landlords of the Moorabbin and Chadstone premises

122,936 122,936

(b) **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.

(c) **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. As at the date of this report the directors are not aware of any funding that will be required to be repaid.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

16 Economic Dependence

The company is dependent on the continued funding from government grants. Approximately 94% of the company's revenue is sourced from Federal government grants.

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

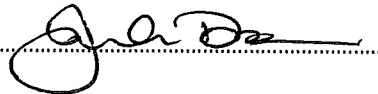
The directors have determined that the Company is not a reporting company and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial report and notes, as set out on pages 7 to 20, are in accordance with the *Australian Charities and Not-For-Profit Commission Act 2012* and:
 - (a) comply with Accounting Standards applicable to FMC Relationship Services; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 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



DAVID SAEUER

Dated 28th October 2014

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 2014, 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 Australian Charities and Not-For-Profit Commission Act 2012 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 Australian Charities and Not-For-Profit Commission Act 2012. 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 *Australian Charities and Not-For-Profit Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-For-Profit Commission Act 2012*, provided to the directors for FMC Relationship Service would be in the same terms if provided to the directors at the date of this auditor's report.

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 Australian Charities and Not-For-Profit Commission Act 2012, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-For-Profit Commission Act 2012*

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 Australian Charities and Not-For-Profit Commission Act 2012. As a result, the financial report may not be suitable for another purpose.

Saward Dawson

Saward Dawson Chartered Accountants



Peter Shields
Partner

Blackburn VIC

Dated

28 October 2014