Paradise Point
Financial Services Ltd

ACN 095 686 936

annual report 2011

Paradise Point **Community Bank®** Branch

Ormeau branch

Mudgeeraba branch

Upper Coomera branch

CHAIRMAN'S REPORT

Dear Shareholders,

A special report for our **10th Anniversary** and our **Community Bank® Company** is a success story about a community working together to achieve a positive outcome for all stakeholders.

A special acknowledgement to our shareholders, the original steering committee and Board members, who showed vision and commitment to restore banking services when all other banks deserted Paradise Point.

Your combined efforts have been rewarded with the on-going story of this successful **Community Bank® Company**.

FINANCIAL PROGRESS

As the effects of the "global financial crisis" continue, it is probably true to say that we are all aware of the difficult times ahead and I wish to re-assure our shareholders that your Board of Directors, working on your behalf will continue to keenly assess the financial position of Paradise Point Financial Services Ltd and make fiscally responsible decisions on your behalf.

We continue to monitor and assess the position of all branches and have held the first successful "community engagement" meeting at Mudgeeraba and have plans under way for meetings at Ormeau and Upper Coomera.

It is hoped that these meetings will raise awareness of the services we offer and the value we add to the community by way of grants to assist various needs in the community.

DIVIDEND ON SHARES

The Board of Directors is pleased to be recommending a final dividend of **4.6 cents per share**, fully franked, to be paid. This dividend is in addition to the interim dividend of **5 cent per share**, fully franked, that was paid @ 31/12/2010. Total dividend for the 2010/2011 financial year, to be **9.6 cents per share**, fully franked.

COMMUNITY ACTIVITY

We continue to direct funds into the community as part of the special services that your bank is committed to. With donations to sport, art, health and education on your behalf there are real benefits to youth and seniors alike.
Staff involvement is a very valuable part of this service and we thank them for volunteering their time and skills to the various communities.

There is a real sense of satisfaction for shareholders and customers to know that donations now exceed $500,000 and we see this worthwhile service continuing.

Senior Manager Ian Johnston Paradise Point, along with Dean Campbell Ormeau and Mark Harvey Mudgeeraba, are responsible for the operation of our branches, ably assisted by branch staff who are all valued members of Paradise Point Financial Services Ltd company.

To the Board members, who devote many hours and full expertise on your behalf, thank you. It has to be said that good governance is evident in the ongoing success of Paradise Point Financial Services Ltd and the diversity of skills at the Board table contributes to robust discussion and decisions taken.

As we move into the next decade we look to a positive future with the continued support of all stakeholders.

Ann Robilotta
Chairman

MANAGER'S REPORT

The past financial year has again been solid for your **Community Bank® Company.** The challenges of the financial environment over the past year have been taken on and met with success.

Our combined four branches as at 30th June 2011 had business balances of $233 million, which was up on the $218 million as at 30th June 2010.

Our revenue also increased 8.67% to $2.38 million. The most pleasing result was the managed turn around in profits, from a Total Comprehensive Loss of ($87,090) as at 30th June 2010 to a Total Comprehensive Profit of $231,552 as 30th June 2011. A positive turn around of $318,642.

Although we have started the new financial year with solid business growth of $5.6 million, we are still in a very challenging environment. To combat this challenge, we have been building many community and business relationships within our operating area's. This strategy of engagement will see our continued business growth.

I again thank the Board of Directors for their unwavering support and expertise. I also thank our customers and shareholders, for simply banking with our branches.

I would like to acknowledge our staff teams :-

Paradise Point

Kristy Battista (Executive Assistant to myself and the Board), Yvonne Watts (Customer Relationship Manager), Alana Dimatulac (Senior Customer Service Supervisor), Sam Pyke, Jess Haslock, Liberty Seabrook and Bree Favaloro (Customer Service Officers)

Upper Coomera

Dean Campbell (Manager of Both Upper Coomera & Ormeau), Carol Wood (Customer Relationship Manager), Suzanne Garret, Paris Wilkinson and Amanda Gall (Customer Service Officers)

Ormeau

Kristine Rasmussen (Customer Relationship Manager), Chris Anderson and Ragan Godfrey (Customer Service Officers)

Mudgeeraba

Mark Harvey (Manager), Jenny O'Keefe (Senior Customer Service Supervisor) and Chris Wilshire (Customer Service Officer)

Trainees

Amy Cannon (Year 12, Pacific Pines State High) and Brianna Gilbert (Year 12, Helensvale State High)

We are continuing with our support of local students in a direct way through the School Based Traineeship programme. Through this programme we have introduced and trained 13, year 12 students, to branch banking.

We are also continuing or strategy of training and promoting staff from within our **Community Bank® Company.** This year our very first School based Trainee from 2005, Kristine Rasmussen, was promoted from Senior Customer Service Supervisor, Paradise Point, to be the Customer Relationship Manager at Ormeau. This in turn created other opportunities for staff promotion. As our younger staff members mature into their respective roles, with mentoring from the mature experienced staff, high service levels will continue to be our competitive point of difference.

We are all looking forward to the results that will be achieved this financial year and to the benefits that will flow into our community.

Ian Johnston
Senior Manager

PARADISE POINT FINANCIAL SERVICES LTD
A.B.N. 33 095 686 936

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011

PARADISE POINT FINANCIAL SERVICES LTD

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PARADISE POINT FINANCIAL SERVICES LTD

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DIRECTORS' REPORT

The directors present this report on the company for the financial year ended 30 June 2011.

Directors

The following persons held office of director during the year or since the end of the year:

- Ann Robilotta – Director
- Ewald Gerhard (Garry) Kuppe – Businessman
- John Ronald Hooton – Retailer
- Paul Vertullo – Real Estate Agent
- Frederick William Woodley – Retired Engineer
- Helen Louise Weissenberger – Certified Practicing Accountant
- Lesley Woodford-Carr - Lawyer

The directors have been in office since the start of the financial year to the date of this report with the exception of:

- Lesley Woodford Car – appointed 11 November 2010

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

John Ronald Hooton. Mr Hooton was general manager of stock broking company McIntosh Securities (PNG) Limited until its acquisition by Merrill Lynch & Co Inc. in 1994. Mr Hooton departed Merrill Lynch & Co in 1998 and has since been a local retailer. Mr Hooton was also Chairman of the Port Moresby Stock Exchange during the period 1992 to 1998. Mr Hooton was appointed Company Secretary on 4 August 2011.

Principal Activities

The principal activities of the company during the financial year were to provide community banking services under Franchise Agreements to operate franchised branches of Bendigo Bank Limited. No significant change in the nature of these activities occurred during the year.

Review and Results of Operations

The profit of the company for the financial year amounted to $231,552.

A review of operations of the Company during the financial year indicated that the ongoing income from the franchise agreements led to an increase in revenue by 14.60%.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

PARADISE POINT FINANCIAL SERVICES LTD
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DIRECTORS' REPORT

Dividends

A dividend of 0.05c per share (total $31,237) was declared and paid during the current year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the result of those operations, or the state of affairs of the entity in future financial years.

Future Developments

The Company will continue its policy of providing banking services to the community.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors shown in the company's accounts, or the fixed salary of a full time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Officers and Auditors

The company has indemnified all directors, officers and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors, officers or managers of the company except where the liability arises out of conduct involving the lack of good faith. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

The company has not provided any insurance for an auditor of the company or a related body corporate.

Environmental Issues

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

Options

No options over issued shares or interest in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

PARADISE POINT FINANCIAL SERVICES LTD

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DIRECTORS' REPORT

Directors' Meeting

The number of directors' meetings attended by each of the directors of the company during the year were:

Number of Meetings Held: 11

	Number Eligible to Attend	Number Attended
Ann Robilotta	11	11
Ewald Gerhard (Garry) Kuppe	11	8
John Ronald Hooton	11	11
Paul Vertullo	11	10
Frederick William Woodley	11	11
Helen Louise Weissenberger	11	7
Lesley Woodford-Carr	6	6

Proceedings on Behalf of the 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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found attached to the financial report.

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

Director: [signature]
Paul Vertullo

Director: John R. Hooton
John Ronald Hooton

Dated this 24th day of October 2011

williams partners
wpias
independent
audit specialists

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PARADISE POINT FINANCIAL SERVICES LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2011 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.

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

A.L.Blank.

ANDREA BLANK BBus CPA RCA
PARTNER

Registered Company Auditor No. 278326

Dated this 25th day of October, 2011

4 Helensvale Road
Helensvale QLD 4212

PARADISE POINT FINANCIAL SERVICES LTD

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue	**2**	2,508,813	2,189,027
Depreciation and amortisation expenses	**3**	(82,226)	(94,710)
Employee benefits expenses		(1,196,825)	(1,242,434)
Finance costs	**4**	(149)	(1,017)
Other expenses		(987,976)	(954,117)
(Loss) Profit before income tax		241,637	(103,251)
Income tax benefit (expense)	**5**	(10,085)	16,161
(Loss) Profit after income tax		231,552	(87,090)
Other comprehensive income		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income		231,552	(87,090)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PARADISE POINT FINANCIAL SERVICES LTD

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	420,467	150,552
Trade and other receivables	9	93,921	99,939
TOTAL CURRENT ASSETS		514,388	250,491
NON-CURRENT ASSETS			
Trade and other receivables	9	7,917	17,917
Property, plant and equipment	10	513,946	561,972
Intangible assets	11	42,078	73,649
Deferred tax assets	12	28,246	38,331
TOTAL NON-CURRENT ASSETS		592,187	691,869
TOTAL ASSETS		1,106,575	942,360
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	142,232	159,067
Current borrowings	14	-	9,684
Short term provisions	15	3,130	3,130
Provision for income tax	16	-	61
TOTAL CURRENT LIABILITIES		145,362	171,942
NON-CURRENT LIABILITIES			
Long term provisions	15	15,316	24,836
TOTAL NON-CURRENT LIABILITIES		15,316	24,836
TOTAL LIABILITIES		160,678	196,778
NET ASSETS		945,897	745,582
EQUITY			
Contributed equity	17	608,450	608,450
Retained earnings	18	337,447	137,132
TOTAL EQUITY		945,897	745,582

The Statement of Financial Position should be read in conjunction with the accompanying notes.

PARADISE POINT FINANCIAL SERVICES LTD

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STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2011

	Contributed Equity $	Retained Earnings $	Total Equity $
Balance at 1 July 2009	608,450	255,459	863,909
Profit (Loss) attributable to members of the company	-	(87,090)	(87,090)
Dividend paid	-	(31,237)	(31,237)
Balance at 30 June 2010	608,450	137,132	745,582
Profit (Loss) attributable to members of the company	-	231,552	231,552
Dividend paid	-	(31,237)	(31,237)
Balance at 30 June 2011	608,450	337,447	945,897

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PARADISE POINT FINANCIAL SERVICES LTD

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,525,274	2,233,121
Payments to suppliers and employees		(2,226,811)	(2,118,374)
Interest paid		(149)	(1,017)
Interest received		15,213	2,905
Income tax paid		(61)	(48,001)
Net cash provided by (used in) operating activities	**20b**	313,466	68,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,630)	(1,638)
Net cash provided by (used in) investing activities		(2,630)	(1,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(9,684)	(9,962)
Dividends paid		(31,237)	(31,237)
Net cash provided by (used in) financing activities		(40,921)	(41,199)
Net increase (decrease) in cash held		269,915	25,797
Cash at beginning of year		150,552	124,755
Cash at end of year	**20a**	420,467	150,552

The Cash Flow Statement should be read in conjunction with the accompanying notes.

1 Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Account Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

(a) Income Tax

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

Current income tax expenses charged to the profit and loss are the tax payable on taxable income. Current tax liabilities are 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 is charged or credited outside profit or loss when the tax relates to items that recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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 and 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.

Where temporary differences exist in relation to investment in subsidiaries, branches, associates or joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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 liability are offset where: (a) a legally enforceable right of set-off exists; and (b) 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 signification amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (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 investment 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.

(c) Acquisition of Assets

Assets acquired are brought to account at either the cash amount paid or the fair value of the asset given in exchange.

(d) Cash

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

(e) Revenue Recognition

Interest and fee revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (GST).

(f) Property, Plant and Equipment

Plant and Equipment

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in either profit and loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by the 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.

The cost of fixed assets constructed within the company include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 income statement during the financial period in which they are incurred.

Property

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation

Depreciation is provided on a straight line or diminishing value basis on all property, plant and equipment, other than freehold land, at rates calculated to allocate the cost or valuation less estimated residual value at the end of the useful life of the asset against revenue over those estimated useful lives. Leasehold Improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	6.67%
Plant and equipment	7.5 – 50 %
Motor Vehicles	18.75%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Intangibles

Franchise fees and other upfront payments have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

(h) Employee Benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and include related on-costs. Contributions to employee superannuation funds are charged against income as incurred.

(i) Comparative Figures

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

(j) 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. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(k) Financial Instruments

Initial recognition & measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and 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, derivatives not held for hedging purposes, or when they are designated as such to avoid an amounting 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. Such assets are subsequently measured at fair value with changes in carrying values being included in profit or loss.

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 stated at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

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 Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised costs.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

(l) 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 unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

(m) 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 impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(n) Critical Accounting Estimates and Judgments

The directors' evaluate estimates and judgments incorporated into the financial statement 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 be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgments - Provision for impairment of receivables

The directors have made a provision for impairment of receivables as at 30 June 2011.

(o) Adoption of New and Revised Accounting Standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements. The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
  - simplifying the requirements for embedd d derivatives
  - removing the tainting rules associated with held-to-maturity assets

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortise cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return n inves ment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classifie base on
  (a) the objective of the entity's business model for managing the financial assets; and
  (b) the characteristics of the contractual cash flows

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

  This standard removes the requirement for government related entities to disclose details of all transaction with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2012).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and,
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and,
- the Australian Government and state, territory and local governments.

Since the company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 113, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This Standard is not expected to impact the company.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure t o risks arising from financial instruments;
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and,
  - making sundry editorial amendments to various Standard and Interpretations.

  This Standard is not expected to impact the company.

- AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets. This Standard is not expected to impact the company.

- AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the company has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption than an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendment brought in by this Standard also incorporate Interpretation 121 into AASB 112. The amendments are not expected to impact the company.

- AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time. This Standard is not expected to impact the company.

- AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applied to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

		2011 $	2010 $

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date. [The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.] This Standard is not expected to impact the company.

		2011 $	2010 $
2	**Revenue**		
	Operating activities		
	Services commissions	2,387,211	2,088,205
	Other revenue	97,752	97,916
	Non-operating activities		
	Interest received	15,214	2,905
	Government Incentives	8,636	-
		2,508,813	2,189,026
3	**Depreciation and Amortisation Expenses**		
	Depreciation of non-current assets		
	Plant and equipment	47,301	52,211
	Motor vehicles	3,355	4,129
	Amortisation of non-current assets		
	Intangibles	31,570	38,370
		82,226	94,710
4	**Finance Costs**		
	Interest paid	149	1,017

		2011 $	2010 $
5	**Income Tax Expense**		
	Recognised in the profit or loss:		
	Current tax expense		
	Current year	-	-
	Deferred tax expense		
	Origination and reversal of temporary differences	10,085	(16,161)
	Total income tax expenses/(benefit)	10,085	(16,161)
	Numerical reconciliation between tax expense and pre-tax profit		
	Profit/(Loss) before tax	241,637	(103,251)
	Income tax using the corporate tax rate of 30%	72,491	(30,975)
	Franking deficits tax payable	-	-
	Increase/(decrease) in income tax expense due to:		
	- Non taxable income/deductible expenses	-	660
	- Tax losses not brought to account	(62,406)	14,154
	- Under / (Over) provision tax prior year	-	-
	- Recoupment of prior year tax losses not previously brought to account	-	-
	Income tax expenses/(benefit) on pre-tax profit	10,085	(16,161)
6	**Dividends**		
	Distributions paid:		
	Declared fully franked ordinary dividend of 5 cents (2010: 5 cents) per share franked at the tax rate of 30% (2010: 30%)	31,237	31,237

		2011 $	2010 $
6	**Dividends Cont.**		
	Balance of franking account at year end adjusted for franking credits arising from:		
	- Payment of provision for income tax	-	48,000
	- Dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years.	(13,387)	(13,387)
		(13,387)	34,613
7	**Auditors' Remuneration**		
	Remuneration of the auditor of the company for:		
	Audit or review of the financial report of the company	7,500	17,523
		7,500	17,523
8	**Cash and Cash Equivalents**		
	Cash at bank and on hand	420,467	150,552
9	**Trade and Other Receivables**		
	Current		
	Current receivables	-	3,593
	Trade debtors	108,541	135,216
	Less: Impairment	(14,620)	(38,870)
		93,921	99,939
	Non-Current		
	Non-current receivables	7,917	17,917

		2011 $	2010 $
10	**Property, Plant and Equipment**		
	Plant & equipment	727,575	728,505
	Less: Accumulated depreciation	(233,558)	(191,294)
		494,017	537,211
	Motor Vehicles	39,463	39,463
	Less: Accumulated depreciation	(24,923)	(21,568)
		14,540	17,895
	Low value pool	5,389	6,866
		513,946	561,972

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between beginning and the end of the current financial year.

	Plant and Equipment $	Motor Vehicles $	Total $
Balance at 1 July 2009	594,650	22,024	616,674
Additions	1,638	-	1,638
Disposals – written down value	-	-	-
Impairment losses	-	-	-
Depreciation expense	(52,211)	(4,129)	(56,340)
Capitalised borrowing cost and depreciation	-	-	-
Carrying amount at 30 June 2010	544,077	17,895	561,972

	2011	2010
	$	$

10 Property, Plant and Equipment Cont.

	Plant and Equipment	Motor Vehicles	Total
	$	$	$
Additions	2,630	-	2,630
Disposals – written down value	-	-	-
Revaluation increments/ (decrements)	-	-	-
Impairment losses	-	-	-
Depreciation expense	(47,301)	(3,355)	(50,656)
Capitalised borrowing cost and depreciation	-	-	-
Carrying amount at 30 June 2011	499,406	14,540	513,946

11 Intangible Assets

	2011 $	2010 $
Franchise fees at cost	70,000	70,000
Franchise establishment fees at cost	170,000	170,000
Less: Accumulated amortisation	(209,917)	(182,917)
	30,083	57,083
I.T software at cost	30,491	30,491
Less: Accumulated amortisation	(18,496)	(13,925)
	11,995	16,566
	42,078	73,649

		2011 $	2010 $
12	**Tax assets and liabilities**		
	Non-current tax assets and liabilities		
	Deferred tax assets and liabilities		
	Recognised deferred tax assets and liabilities		
	Deferred tax assets and liabilities are attributable to the following:		
	Trade and other receivables	(4,386)	(11,661)
	Property, plant and equipment	1,016	989
	Provisions and employee benefits	(24,876)	(27,659)
	Tax losses	-	-
	Net tax (assets) / liabilities	(28,246)	(38,331)

A deferred tax asset has not been recognised for tax losses accumulated due to the uncertainty of recoupment of the losses.

		2011 $	2010 $
13	**Trade and Other Payables**		
	Other creditors and accruals	86,946	114,928
	Employee benefits	55,286	44,139
		142,232	159,067
14	**Borrowings**		
	Current		
	Chattel mortgage	-	9,829
	Less: Unexpired term charges	-	(145)
		-	9,684

		2011 $	2010 $
15	**Provisions**		
	Short term		
	Franking deficits tax	2,363	2,363
	Lost Shareholders' unclaimed dividends	767	767
		3,130	3,130
	Long term		
	Employee benefits	15,316	24,836
		15,316	24,836
16	**Provision for Income Tax**		
	Current tax payable	-	61
17	**Issued Capital**		
	624,750 Fully paid ordinary shares of $1	624,750	624,750
	Bonus share reserve	(16,300)	(16,300)
	Contributed equity	608,450	608,450
18	**Retained Earnings**		
	Retained earnings at the beginning of the financial year	137,132	255,459
	Net profit (Loss) attributable to Members	231,552	(87,090)
	Dividends provided for or paid	(31,237)	(31,237)
	Retained earnings at the end of the financial year	337,447	137,132

19 Capital Management

Management controls the capital to ensure that adequate cash flows are generated to fund its operations and that returns to shareholders and the community are maximized. The company ensures that the overall risk management strategy is in line with this objective.

		2011 $	2010 $

19 Capital Management Cont.

The company operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements. The company's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the company's capital by assessing the Company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The gearing ratios for the years ended 30 June 2011 and 30 June 2010 are as follows:

	Note	2011 $	2010 $
Total borrowings	14	-	9,684
Less: Cash and cash equivalents	8	420,467	150,552
Net debt		(420,467)	(140,868)
Total equity		945,897	745,852
Total capital		525,430	604,984
Gearing ratio		NIL %	NIL %

20 Cash Flow Information

(a) Reconciliation of cash

	2011 $	2010 $
Cash assets	420,467	150,552
	420,467	150,552

(b) Reconciliation of profit after tax to net cash provided from/(used) in operating activities

	2011 $	2010 $
Profit after income tax	231,552	(87,090)

		2011 $	2010 $
20	**Cash Flow Information Cont.**		
	Non cash items		
	Depreciation	50,656	56,340
	Amortisation	31,570	38,370
		313,778	7,620
	Changes in assets and liabilities		
	(Increase) decrease in receivables	26,728	65,308
	Increase (decrease) in payables	(36,756)	64,262
	Increase (decrease) in provisions	10,401	(4,393)
	Increase (decrease) in tax liabilities	(61)	(64,163)
		312	61,014
	Net cash flows from/(used in) operating activities	313,466	68,634

21 Related Party Disclosures

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. The names of directors who have held office during the financial year and shareholdings of those directors and related entities are as follows:

	#	#
Ann Robilotta	25,000	25,600
Ewald Gerhard (Garry) Kuppe	15,000	15,000
John Ronald Hooton	6,000	6,000
Paul Vertullo	28,000	28,000
Frederick William Woodley	-	-
Helen Louise Weissenberger	2,000	2,000
Lesley Woodford-Carr	500	500

No director or related entity has entered into a material contract with the company. No directors fees have been paid as the positions are held on a voluntary basis.

	2011 $	2010 $

21 Related Party Disclosures Cont.

During the year directors were paid an honorarium to reimburse costs incurred in the conduct of their duties. The collective total honorarium was $28,200.

	Gross Remuneration	
Key management personnel	147,014	142,543

22 Events After the Balance Sheet Date

The board has declared a final dividend be paid in respect of the 2011 financial year in the amount of 4.6 cents per share. The dividend will be fully franked and paid in accordance with the terms of the franchise agreement and Corporations Law requirements.

Other than the above there have been no events after the end of the financial year that would materially affect the financial statements.

23 Registered Office / Principal Place of Business

The registered office and principal place of business is:

Shops 3 & 4
42 Esplanade
Paradise Point
Queensland

24 Operating Lease Commitments

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

Payable – minimum lease payments:		
Not later than 12 months	287,965	278,280
Between 12 months and five years	1,267,738	1,223,447
Net cash flows from/(used in) operating activities	1,555,703	1,501,727

	2011 $	2010 $

24 Operating Lease Commitments Cont.

The property leases are non-cancellable leases with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require that the minimum lease payments shall be increased by amounts not exceeding CPI or 5% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years. Operating licenses for ATM sites may have shorter terms.

25 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-tem investments and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2011 $	2010 $
Financial assets		
Cash and cash equivalents	420,467	150,552
Loans and receivables	101,838	117,856
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	142,232	159,067
Borrowings	-	9,684

26 Financial Risk Management Policies

The directors overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include credit risk policies and future cash flow requirements

The Board of Directors meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

	2011	2010
	$	$

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate margin risk and liquidity risk.

(a) Interest Rate Margin Risk

Exposure to interest rate margin risk arises on financial liabilities recognised at reporting date whereby a future change in interest rates may affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed using fixed rate debt. At 30 June 2011 100% of company debt is fixed. It is the policy of the company to keep between 80% and 100% debt on fixed interest rates.

There is no effective variable interest rate borrowings (i.e. un-hedged debt). The company is not exposed to interest rate risk which will impact future cash flows and interest charges.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages the risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operations, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The company's policy is to ensure no more than 30% of borrowings should mature in any 12 month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. The company has no bank overdrafts. The company has no financial guarantee liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates.

	2011	2010
	$	$

	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
Financial liabilities due for payment	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Trade and other payables (excluding est. leave)	86,946	124,757	-	-	-	-	86,946	124,757
Total contractual outflows	86,946	124,757	-	-	-	-	86,946	124,757
Less: bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	86,946	124,757	-	-	-	-	86,946	124,757
Financial Assets – cash flow realisable								
Cash and cash equivalents	420,467	150,552	-	-	-	-	420,467	150,552
Trade, term and loan receivables	88,921	99,939	-	-	-	-	88,921	99,939
Total anticipated inflows	509,388	250,491	-	-	-	-	509,388	250,491
Net (outflow) / inflow on financial instruments	422,442	125,734	-	-	-	-	422,442	125,734

Financial Assets Pledged as Collateral

No financial assets have been pledged as security for debt.

Foreign Exchange Risk

The company is not exposed to fluctuations in foreign currencies.

Credit Risk

The company has no exposure to credit risk relating to financial assets arising from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed and reviewed regularly by the Board of Directors.

	2011 $	2010 $

Risk is also minimised through investing surplus funds in Federal Government guaranteed bank deposits.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's (S&P) rating of at least AA.

Impairment of Future Cash Flows

	2011 $	2010 $
The company has provided for a possible impairment of future cash flow in the event of the company having a responsibility to contribute to non recoverable debtors of the Franchisor.	14,620	38,870

Price Risk

The company is not exposed to any material commodity price risk.

Net Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments which are carried at cost (i.e. term receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

	2011	2010
	$	$

		2011		2010	
		Net Carrying Amount $	Net Fair Value $	Net Carrying Amount $	Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	420,467	420,467	150,552	150,552
Trade and other receivables	(i)	101,838	101,838	117,856	117,856
Loans and advances – related parties	(ii)	-	-	-	-
Investments – available for sale	(iii)	-	-	-	-
Total financial assets		522,305	522,305	268,408	268,408
Financial liabilities					
Trade and other payables	(i)	142,232	142,232	159,067	159,067
Borrowings	(iv)	-	-	9,684	9,684
Lease liability	(v)	-	-	-	-
Bank debts	(v)	-	-	-	-
Total financial liabilities		142,232	142,232	168,751	168,751

The fair values disclosed in the above table have been determined based upon the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to employee leave which is not considered a financial instrument.

(ii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at reporting date for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market values.

(iii) For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used. The directors have determined that the fair values of unlisted available-for-sale financial assets at reporting date can be reliably measured, as there is an active market for these investments.

(iv) Discounted cash flow models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

	2011	2010
	$	**$**

(v) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair vale of fixed rate bank debt will differ to carrying values.

PARADISE POINT FINANCIAL SERVICES LTD

A.B.N. 33 095 686 936

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out in this report, are in accordance with the *Corporations Act 2001* and present fairly the trust's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements; and

   (a) Give a true and fair view of the financial position of the company as at 30 June 2011 and of the performance for the year ended on that; and

   (b) Comply with Accounting Standards and Corporations Regulations 2001.

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: ______________________

Paul Vertullo

Director: John R. Hooton

John Ronald Hooton

Dated this 24th day of October 2011

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PARADISE POINT FINANCIAL SERVICES LIMITED

Report on the Financial Report
We have audited the accompanying financial report of Paradise Point Financial Services Limited (the company) which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the then year ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting and the Corporations Act 2001 and for such internal controls as the directors determined is necessary for the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditors' 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. Those 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 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.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Auditors' Opinion
The audited financial statements were not lodged with ASIC within the prescribed period.

Qualified Auditors' Opinion
In our opinion, except for the effect, if any, of the matter described in the preceding paragraph, the financial report of Paradise Point Financial Services Limited is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

A.L.Blank.

ANDREA BLANK BBus CPA RCA
PARTNER
Registered Company Auditor No. 278326

Dated this 25th day of October 2011

4 Helensvale Road
Helensvale Qld 4212

Paradise Point **Community Bank®** Branch
Shops 3 & 4, 42 The Esplanade, Paradise Point QLD 4216
Phone: (07) 5577 4199

Ormeau branch
Tenancy 6, Ormeau Town Centre,
19-21 Peachey Road Ormeau QLD 4208
Phone: (07) 5549 1256

Mudgeeraba branch
60 Railway Street, Mudgeeraba QLD 4213
Phone: (07) 5522 9545

Upper Coomera branch
Shop 10, Upper Coomera Shopping Village,
Cnr Reserve and Tamborine Oxenford Rds,
Upper Coomera QLD 4209
Phone: (07) 5500 0496

Franchisee: Paradise Point Financial Services Ltd
Shops 3 & 4, 42 The Esplanade, Paradise Point QLD 4216
Phone: (07) 5537 2255
ACN: 095 686 936

www.bendigobank.com.au/paradise_point
Bendigo and Adelaide Bank Limited,
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ABN 11 068 049 178. AFSL 237879.
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Bendigo Bank