Paradise Point **Community Bank**® Branch
Ormeau branch
Mudgeeraba branch
Upper Coomera branch

2012

annual report

Paradise Point
Financial Services Ltd

ABN 33 095 686 936

CHAIRMAN'S REPORT

Dear Shareholders,

Throughout the year we have continued to provide banking and community services to a variety of youth and seniors projects. We are very proud of our presence in the four locations of Paradise Point, Upper Coomera, Ormeau and Mudgeeraba. Our services are continually increasing which is a great tribute to staff and our Senior Manager Ian Johnston who not only assists with banking and related services, but also spends time on a variety of volunteering events in the community.

With changes taking place via internet banking and other related transactions it will be challenging to stay abreast of consumer needs and still maintain our very dedicated customer services, which for us is a priority.

FINANCIAL PROGRESS

The financial well being of the company is of utmost importance to the Board and it is with pleasure that another successful year is evident in the accounts of Paradise Point Financial Services Limited.

The Board will continue to monitor the fiscal health on behalf of shareholders taking into account the continued difficult times we are experiencing.

Our engagement via community forums has given us good financial results as well as raised our profile in the local districts of Mudgeeraba, Upper Coomera and Ormeau. Our next forum will be at Paradise Point to introduce our branch to new comers in the area.

DIVIDEND ON SHARES

The Board of Directors are pleased to be recommending a dividend of **11.5 cents per share**, fully franked, to be paid. This recommended dividend will take total dividends paid per share to 80.2 cents, amounting to $501,173, since our company commenced trading.

COMMUNITY ACTIVITY

A large part of our agenda is to return funds to our communities. This is a source of great satisfaction and adds to the well being of various clubs and organisations. Our sponsorships and donations now exceed $622,000, an excellent outcome and with continued success, this worthwhile service will continue. In addition to this cash contribution, we have also provided a full range of banking services to our communities at Paradise Point, Upper Coomera, Ormeau and Mudgeeraba. These banking services that we have established from scratch, is paramount to the economic health of these local communities.

I take this opportunity to thank all our staff, the Managers and our senior Manager Ian Johnston who celebrated 10 years of service with us.

To the Board, again thank you for the many hours of meetings and their continued support to the community is a vital part of the positive results we have achieved. We will continue to monitor and plan for the future with diligence and good governance.

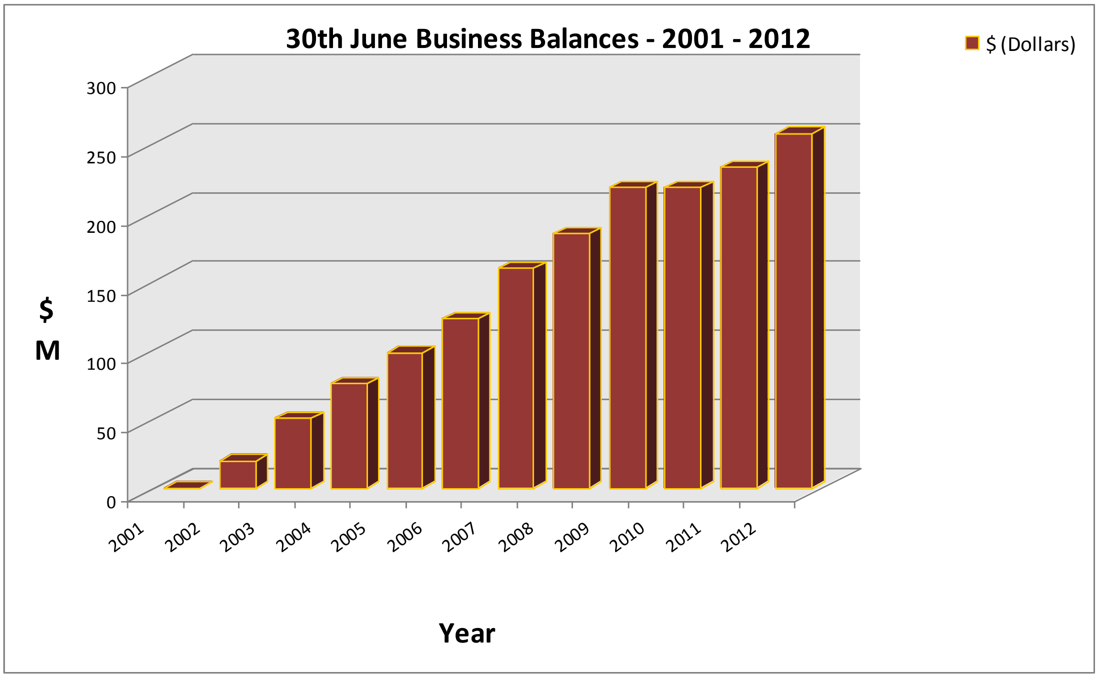
Ann Robilotta
Chairman

MANAGER'S REPORT

I am pleased to report that we have achieved a very good result for your **Community Bank**® company for the past financial year.

Our combined four branches as at 30 June 2012 have business balances of $257 million, which is $24 million up on the $233 million as at 30 June 2011. This represents growth of 10.3%.

Business growth is best illustrated below.



Our revenue also increased 10.5% to $2.62 million, up $240 thousand on last years income of $2.38 million.

We have started the new financial year, with solid business growth, however all of our branches are operating in an uncertain economic environment. To combat this uncertainty, we are continuing to build the many community and business relationships, within our operating area's. This strategy of engagement will provide us with the opportunity to continue to grow our business.

I again thank our Chairman of the Board, Ann Robilotta and the Directors for their unwavering support. 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 Customer Relationship Manager, Upper Coomera), Yvonne Watts (Customer Relationship Manager), Kristine Rasmussen (Customer Relationship Manager), Alana Dimatulac (Customer Service Supervisor), Jessica Haslock, Liberty Seabrook, Bree Favaloro, Paris Wilkinson and Brittany von Mengersen (Customer Service Officers).

Upper Coomera

Joanne Vandenberg (Manager), Jenny O'Keefe (Customer Service Supervisor) and Amanda Gall (Customer Service Officers). Kristy Battista (Branch mentor).

Ormeau

Dean Campbell (Manager), Chris Anderson (Customer Service Supervisor), Ragan Godfrey and Brianna Gilbert (Customer Service Officers).

Mudgeeraba

Mark Harvey (Manager), Chris Wilshire (Customer Service Supervisor) and Alicia Merrin and Brianna Gilbert (Customer Service Officers). Brianna has a split role between Ormeau and Mudgeeraba.

We are continuing with our support of local students in a direct way through the School Based Traineeship programme, which we will be continuing in the 2013 new year. Through this programme we have introduced and trained 13, year 12 students, to branch banking. This past year Brianna Gilbert moved from Trainee to fulltime Customer Service Officer.

We are also continuing or strategy of training and promoting staff from within our **Community Bank**® company. This past year both Chris Wilshire and Chris Anderson were promoted to Customer Service Supervisor, at Mudgeeraba and Ormeau. 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 again all looking forward to the year ahead and the challenges that will present. I am confident that we will again achieved solid financial results, which in turn will benefit our customers, communities, shareholders and staff.

Ian Johnston
Senior Manager

PARADISE POINT FINANCIAL SERVICES LTD

ABN: 33 095 686 936

Financial Report For The Year Ended 30 June 2012

PARADISE POINT FINANCIAL SERVICES LTD

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Financial Report For The Year Ended 30 June 2012

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DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2012.

Principal Activities and Significant Changes in Nature of 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.

There were no other significant changes in the nature of the entity's principal activities during the financial year.

Operating Results and Review of Operations for the year

Operating Results

The profit of the company for the financial year amounted to $109,180

Review of Operations

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 4.82%.

Significant Changes in State of Affairs

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

Dividends Paid or Recommended

An Interim ordinary dividend of 4.6c per share was paid on 11/01/2012	$28,739

Events after the Reporting Period

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.

Environmental Issues

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

Information on Directors

Ann Robilotta	—	Director
Ewald Gerhard 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

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

Meetings of Directors

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
DIRECTORS' REPORT

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Ann Robilotta	11	8
Ewald Gerhard Kuppe	11	6
John Ronald Hooton	11	11
Paul Vertullo	11	9
Frederick William Woodley	11	11
Weissenberger	11	7
Lesley Woodford-Carr	11	11

Indemnifying Officers or Auditor

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.

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.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found attached to the Financial Report.

Changes in Directors and Executives Subsequent to Year End

No changes in Directors or Executives occurred during the financial year.

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

Ann Robilotta

Dated: this 21st day of September 2012

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 2012 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 21st day of September, 2012

4 Helensvale Road
Helensvale QLD 4212

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue	2	2,629,783	2,508,813
Employee benefits expense		(1,307,764)	(1,196,825)
Finance costs	3	(2,665)	(149)
Depreciation and amortisation expense		(86,616)	(82,226)
Other expenses		(983,616)	(987,976)
Profit before income tax	3	249,122	241,637
Income tax expense	4	(139,942)	(10,085)
Net Profit for the year	3	109,180	231,552
Other Comprehensive Income		-	-
Other Comprehensive Income, net of Tax		-	-
Total comprehensive income for the year		109,180	231,552

The accompanying notes form part of these financial statements.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	670,410	227,653
Trade and other receivables	9	200,541	286,735
Other assets	12	4,955	-
TOTAL CURRENT ASSETS		875,905	514,388
NON-CURRENT ASSETS			
Trade and other receivables	9	2,917	7,917
Property, plant and equipment	10	499,521	513,946
Deferred tax assets	15	51,483	28,246
Intangible assets	11	65,970	42,078
TOTAL NON-CURRENT ASSETS		619,891	592,187
TOTAL ASSETS		1,495,796	1,106,575
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	150,874	86,946
Borrowings	14	8,004	-
Current tax liabilities	15	163,179	-
Provisions	16	110,056	58,416
TOTAL CURRENT LIABILITIES		432,112	145,362
NON-CURRENT LIABILITIES			
Borrowings	14	29,490	-
Other provisions	16	7,855	15,316
TOTAL NON-CURRENT LIABILITIES		37,345	15,316
TOTAL LIABILITIES		469,457	160,678
NET ASSETS		1,026,339	945,897
EQUITY			
Issued capital	17	608,450	608,450
Retained earnings		417,889	337,447
TOTAL EQUITY		1,026,339	945,897

The accompanying notes form part of these financial statements.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Share Capital Ordinary	Retained Earnings	Total
		$	$	$
Balance at 1 July 2010		608,450	137,132	745,582
Balance at 1 July 2010 (restated)		608,450	137,132	745,582
Comprehensive income				
Profit for the year			231,552	231,552
Total comprehensive income for the year		-	231,552	231,552
Transactions with owners, in their capacity as owners and other transfer				
Dividends recognised for the year	7		(31,237)	(31,237)
Total transactions with owners and other transfers		-	(31,237)	(31,237)
Other				
Total Other		-	-	-
Balance at 30 June 2011		608,450	337,447	945,897
Balance at 1 July 2011		608,450	337,447	945,897
Comprehensive income				
Profit for the year			109,180	109,180
Total comprehensive income for the year		-	109,180	109,180
Transactions with owners, in their capacity as owners and other transfer				
Dividends recognised for the year	7		(28,739)	(28,739)
Total transactions with owners and other transfers		-	(28,739)	(28,739)
Other				
Total Other		-	-	-
Balance at 30 June 2012		608,450	417,889	1,026,339

The accompanying notes form part of these financial statements.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,680,346	2,332,460
Payments to suppliers and employees		(2,161,147)	(2,226,811)
Interest received		16,231	15,213
Finance costs		(2,664)	(149)
Income tax paid		(2,363)	(61)
Net cash provided by/(used in) operating activities	20a	530,403	120,652
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Intangible Assets		(55,867)	-
Purchase of property, plant and equipment		(40,532)	(2,630)
Net cash provided by/(used in) investing activities		(96,399)	(2,630)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		37,493	(9,684)
Dividends paid		(28,739)	(31,237)
Net cash provided by/(used in) financing activities		8,753	(40,921)
Net increase/(decrease) in cash held		442,757	77,101
Cash and cash equivalents at beginning of financial year	8	227,653	150,552
Cash and cash equivalents at end of financial year	8	670,410	227,653

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of Paradise Point Financial Services Ltd.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

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 Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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

Except for cash flow information, the financial statements have been prepared on an accruals basis and are 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 expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) 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 are 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 investments in subsidiaries, branches, associates, and 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 liabilities 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 significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, Plant and Equipment

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

Property

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income 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.

Plant and equipment

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 either in profit or 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 (refer to Note 1(d) for details of impairment).

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

The cost of fixed assets constructed within the company includes 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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. 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	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity 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 purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being 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 any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. 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 classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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 designate as hedges.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(d) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

(e) Intangibles Other than Goodwill

Franchise Fees

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.

(f) 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

(g) Provisions

Provisions are recognised when the entity 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.

(h) Cash and Cash Equivalents

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

(i) Revenue and Other Income

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).

(j) Trade and Other Receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(j) for further discussion on the determination of impairment losses.

(k) Trade and Other Payables

Trade and other payables represent the liabilities for services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Borrowing Costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) 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.

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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

(i) Impairment - General

The Company assesses impairment at the end of each reporting period by evaluating conditions and events 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

(i) Provision for Impairment of Receivables

(p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

— *AASB 9: Financial Instruments (December 2010) and 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] (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key 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 embedded 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 amortised 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 on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

— *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 and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

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 that 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 amendments are not expected to significantly impact the Company.

— *AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).*

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

AASB 13 requires:

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

These Standards are not expected to significantly impact the Company.

— *AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

— *AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).*

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

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 2 Revenue and Other Income

	Note	2012 $	2011 $
(a) Revenue from continuing operations			
Sales revenue			
— Services Commissions		2,498,565	2,387,211
Total sales revenue		2,498,565	2,387,211
Other revenue			
— interest received		20,154	15,214
— government subsidies received		13,455	8,636
— other revenue		97,351	97,752
— Insurance Reimbursements		258	-
Total other revenue		131,218	121,602
Total sales revenue and other revenue		2,629,783	2,508,813
Interest revenue from:			
— other corporations		20,154	15,214
Total interest revenue on financial assets not at fair value through profit or loss		20,154	15,214
(b) Total revenue and other income from continuing operations		2,629,783	2,508,813
(c) Income from continuing operations and discontinued operations		2,629,783	2,508,813

Note 3 Profit for the Year

	Note	2012 $	2011 $
(a) Expenses			
Interest expense on financial liabilities not at fair value through profit or loss:			
— Other persons		2,665	149
Total interest expense		2,665	149
Employee benefits expense			
— Employee benefits Expense		1,307,764	1,196,825
Loss on disposal of property, plant and equipment		887	-

Note 4 Income Tax Expense

	2012 $	2011 $
(a) The components of tax expense comprise:		
Current tax	111,798	
Deferred tax	(23,237)	10,085
Under provision in respect of prior years	51,381	
	139,942	10,085
(b) Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	74,737	72,491
	74,737	72,491
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	7,221	-
— other non-allowable items	6,611	-
— under provision for income tax in prior year	51,381	-
	139,949	72,491
Less:		
Tax effect of:		
— Other allowable items	7	-
Recoupment of prior year tax losses not previously brought to account	-	62,406
Income tax attributable to entity	139,942	10,085
The applicable weighted average effective tax rates are as follows:	56.2%	4.2%

Note 6 Auditor's Remuneration

	2012 $	2011 $
Remuneration of the auditor for:		
— auditing or reviewing the financial report	8,500	7,500
	8,500	7,500

Note 7 Dividends

	2012 $	2011 $
Distributions paid		
Interim fully franked ordinary dividend of $28,738.50 (2012: 4.6c cents per share franked at the tax rate of 30% (2011: 30%)	28,739	31,237
	28,739	31,237
Total dividends per share		
(a) Balance of franking account at year end adjusted for franking credits arising from:		
— dividends recognised as receivables and franking debits arising from payment of proposed dividends		(13,387)
	-	(13,387)

Note 8 Cash and Cash Equivalents

	Note	2012 $	2011 $
Cash at bank and on hand		670,410	227,653
	23	670,410	227,653

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2012 $	2011 $
Cash and cash equivalents	670,410	227,653
	670,410	227,653

Note 9 Trade and Other Receivables

	Note	2012 $	2011 $
CURRENT			
Trade receivables	9c	234,036	301,355
Provision for impairment	9a(ii)	(33,495)	(14,620)
		200,541	286,735
Total current trade and other receivables		200,541	286,735
NON-CURRENT			
Trade receivables		2,917	7,917
		2,917	7,917
Total non-current trade and other receivables		2,917	7,917

(a) **Provision For Impairment of Receivables**
Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 July 2010	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2011
	$	$	$	$
(i) Current trade receivables	38,870		(24,250)	14,620
	38,870	-	(24,250)	14,620

	Opening Balance 1 July 2011	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2012
	$	$	$	$
(ii) Current trade receivables	14,620	18,875		33,495
	14,620	18,875	-	33,495

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.

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.

(b) **Collateral Held as Security**
No financial assets have been pledged as security for debt.

	Note	2012 $	2011 $
(c) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total Current		200,541	286,735
— Total Non-Current		2,917	7,917
		203,458	294,652
Financial Assets	23	203,458	294,652

(d) **Collateral Pledged**
There has been no floating charge over trade receivables.

Note 10 Property, Plant and Equipment

	2012 $	2011 $
PLANT AND EQUIPMENT		
At cost	728,728	727,575
Accumulated depreciation	(274,192)	(233,558)
	454,536	494,017
MOTOR VEHICLES		
At cost	52,561	39,463
Accumulated amortisation	(10,944)	(24,923)
	41,617	14,540
Low Value Pool		
Low Value Pool	3,368	5,389
	3,368	5,389
Total plant and equipment	499,521	513,946
Total property, plant and equipment	499,521	513,946

(a) **Movements in Carrying Amounts**

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

	Plant and Equipment	Motor Vehicles	Total $
Balance at 1 July 2010	544,077	17,895	561,972
Additions	2,630		2,630
Depreciation expense	(47,301)	(3,355)	(50,656)
Balance at 30 June 2011	499,406	14,540	513,946
Additions	1,153	52,561	53,714
Disposals		(14,070)	(14,070)
Depreciation expense	(42,655)	(11,415)	(54,070)
Balance at 30 June 2012	457,904	41,617	499,521

(b) **Capitalised Finance Costs**

	2012 $	2011 $
Borrowing costs incurred	569	
Borrowing costs capitalised	569	-

Note 11 Intangible Assets

	2012 $	2011 $
Franchise fees at cost	125,867	70,000
Franchise establishment fees at costs	170,000	170,000
Accumulated Depreciation	(237,797)	(209,917)
Net carrying amount	58,070	30,083
	-	-
I.T Software at cost	30,491	30,491
Accumulated Amortisation	(23,066)	(18,496)
Net carrying amount	7,425	11,995
	-	-
Borrowing Costs	569	-
Accumulated Amortisation	(95)	-
Net carrying amount	475	-
Total intangibles	65,970	42,078

	Franchise Fees $	I.T Software at Costs $	Borrowing Costs $
Year ended 30 June 2011			
Balance at the beginning of year	57,083	16,566	
Amortisation charge	(27,000)	(4,571)	
Closing value at 30 June 2011	30,083	11,995	-
Year ended 30 June 2012			
Balance at the beginning of year	30,083	11,995	-
Additions	55,867		569
Amortisation charge	(26,948)	(5,501)	(95)
Closing value at 30 June 2012	59,002	6,494	475

The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite useful life.

Note 12 Other Assets

	2012 $	2011 $
CURRENT		
Prepayments	4,955	-
	4,955	-

Note 13 Trade and Other Payables

	Note	2012 $	2011 $
CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		150,874	86,946
	13	150,874	86,946

	Note	2012 $	2011 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		150,874	86,946
		150,874	86,946
Less construction contract advances and payables			
Less annual leave entitlements		(109,289)	(55,286)
Financial liabilities as trade and other payables	23	41,585	31,660

Note 14 Borrowings

	Note	2012 $	2011 $
CURRENT			
Unsecured liabilities			
Chattel Mortgage		8,004	-
		8,004	-
Total current borrowings		8,004	-
NON-CURRENT			
Unsecured liabilities			
Chattel Mortgage		29,490	-
		29,490	-
Total non-current borrowings		29,490	-
Total borrowings	23	37,493	-

(a) **Collateral provided**
There is no Collateral Agreement over the chattel mortgage

Note 15 Tax

	2012 $	2011 $
CURRENT		
Income tax payable	163,179	-
	163,179	-

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax assets			
Provisions	27,659	(2,783)	24,876
- impairment	(989)	(27)	(1,016)
Other	11,661	(7,275)	4,386
Balance as at 30 June 2011	38,331	(10,085)	28,246
Provisions	24,876	18,932	43,808
- impairment	(1,016)	(1,357)	(2,373)
Other	4,386	5,662	10,048
Balance as at 30 June 2012	28,246	23,237	51,483

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:
Nil

Note 16 Provisions

CURRENT	2012	2011
Long-term Employee Benefits		
Opening balance at beginning of year	55,286	44,139
Additional provisions raised during year	54,003	11,147
Balance at end of the year	109,289	55,286
Other		
Opening balance at beginning of year	3,130	3,130
Unused amounts reversed	(2,363)	-
Balance at end of the year	767	3,130
Total	110,056	58,416

NON-CURRENT	2012	2011
Long-term Employee Benefits		
Opening balance at beginning of year	15,316	24,836
Amounts used	(7,461)	(9,520)
Balance at end of the year	7,855	15,316
Total	7,855	15,316

Analysis of Total Provisions

	2012 $	2011 $
Current	110,056	58,416
Non-current	7,855	15,316
	117,911	73,732

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(f).

Note 17 Issued Capital

	2012 $	2011 $
624,750 fully paid ordinary share of $1	624,750	624,750
(Less) Bonus Share Reserve	(16,300)	(16,300)
	608,450	608,450

Bonus Share Reserve

A Bonus Share Reserve is included in Issued Capital for the amount of $16,300.

(a) **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.

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 2012 and 30 June 2011 are as follows:

	Note	2012 $	2011 $
Total borrowings (including trade & other payables)	13, 14	188,367	86,946
Less cash and cash equivalents	8	(670,410)	(227,653)
Net debt		(482,043)	(140,707)
Total equity		1,026,339	945,897
Total capital		544,296	805,190
Gearing ratio		N/A	N/A

Note 18 Capital and Leasing Commitments

	Note	2012 $	2011 $
(a) **Operating Lease Commitments**			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable — minimum lease payments			
— not later than 12 months		293,262	287,965
— between 12 months and 5 years		1,198,247	1,267,738
		1,491,509	1,555,703

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.

Note 19 Contingent Liabilities and Contingent Assets

	2012	2011
	$	$
Estimates of the potential financial effect of contingent liabilities that may become payable:		

Contingent Liabilities
There has been no contingent liabilities after the end of the financial year that would materially affect the financial statements.

Contingent Assets

There has been no contingent assets after the end of the financial year that would materially affect the financial statements.

Note 20 Cash Flow Information

	2012	2011
	$	$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	109,180	231,552
Non-cash flows in profit		
Amortisation	32,545	31,570
Depreciation	54,071	50,656
Net (gain)/loss on disposal of property, plant and equipment	887	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	66,795	(166,709)
Increase/(decrease) in trade payables and accruals	63,929	(36,757)
Increase/(decrease) in income taxes payable	137,580	(61)
Increase/(decrease) in provisions	65,416	10,401
Cash flow from operations	530,403	120,652

Note 21 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 22 Related Party Transactions

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:

	2012	2011
	#	#
Ann Robilotta	25,600	25,000
Ewald Gerhard (Garry) Kuppe	15,000	15,000
John Ronald Hooton	6,000	6,000
Paul Vertullo	40,000	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.

During the year directors were paid an honorarium to reimburse costs incurred in the conduct of their duties. The collective total honorarium was $15,800.

	Gross Remuneration	
Key management personnel	159,225	147,014

Note 23 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investment 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:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	8	670,410	227,653
Loans and receivables	9c	203,458	294,652
Total Financial Assets		873,867	522,305
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	13	41,585	31,660
— Borrowings	14	37,493	-
Total Financial Liabilities		79,078	31,660

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.

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. **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 this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing a 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 and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial liabilities due for payment								
Trade and other payables	150,874	86,946	-	-	-	-	150,874	86,946
Chattel Mortgage liabilities	8,004	-	29,490	-	-		37,493	-
Total contractual outflows	158,877	86,946	29,490	-	-	-	188,367	86,946
Less bank overdrafts							-	-
Total expected outflows	158,877	86,946	29,490	-	-	-	188,367	86,946

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial Assets - cash flows realisable								
Cash and cash equivalents	670,410	420,467	-	-	-	-	670,410	420,467
Trade, term and loans receivables	191,148	88,921	-	-	-	-	191,148	88,921
Total anticipated inflows	861,558	509,388	-	-	-	-	861,558	509,388
Net (outflow) / inflow on	702,681	422,442	(29,490)	-	-	-	673,191	422,442

b. **Market Risk**

i. ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will 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 2012 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.

ii. ***Foreign exchange risk***

The company is not exposed to fluctuations in foreign currencies.

iii. ***Other price risk***

The company is not exposed to other price risks.

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 amounts as presented in the statement of financial position. Fair value is the amount 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 judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement 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 amounts 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 amortised cost (ie term receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Company.

	Note	2012		2011	
		Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents	(i)	670,410	670,410	227,653	420,467
Trade and other receivables	(i)	203,458	203,458	294,652	101,838
Total financial assets		873,867	873,868	522,305	522,305
Financial liabilities					
Trade and other payables	(i)	41,585	150,874	31,660	86,946
Chattel Mortgage	(ii)	-	37,493	-	-
Total financial liabilities		41,585	188,367	31,660	86,946

The fair values disclosed in the above table have been determined based on 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 amount is equivalent to fair value. Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.

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

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Paradise Point Financial Services Ltd, the directors of the company declare that:

1. the financial statements and notes, comprising Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statements of Cash Flows and Notes to the Financial Statements, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards.
   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company;
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;

Director ______________________________

Ann Robilotta

Dated this 21st day of September 2012

williams partners
wpias
independent audit specialists

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 2012, 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.

Auditors' Opinion
In our opinion, 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 2012 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

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

Dated this 21st day of September 2012

4 Helensvale Road
Helensvale Qld 4212

Paradise Point **Community Bank®** Branch
Shop 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 Roads,
Upper Coomera QLD 4209
Phone: (07) 5500 0496

Franchisee: Paradise Point Financial Services Ltd
Shop 3 & 4, 42 The Esplanade,
Paradise Point QLD 4216
Phone: (07) 5577 4199
ABN: 33 095 686 936
www.bendigobank.com.au/paradise_point

Bendigo Bank

(BMPAR12034) (08/12)