Paradise Point Financial Services Ltd

ABN 33 095 686 936

ANNUAL REPORT 2013

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

Contents

Chairman's report

For year ending 30 June 2013

Dear Shareholders,

It is with great pleasure that I present the 2013 Annual Report for Paradise Point Financial Services Limited.

Our company continues to provide good returns to you our shareholders and our four branches, Paradise Point, Upper Coomera, Ormeau and Mudgeeraba, provide excellent service to their respective communities.

I am further pleased to report that our **Community Bank®** company continues to grow, providing your Board the opportunity to assist many worthy organisations in our communities.

You will find within this report a list of recipients of our donations and sponsorships for the 2012/13 financial year.

Our company is in a strong financial position. We continue to undertake projects that benefit our communities.

There are now well over 300 **Community Bank®** branches in Australia. This network, with the support of their respective shareholders, has returned more than $100 million in donations and sponsorships to the community. Our company has played a substantial role in achieving this great milestone by returning $850,000 to our local communities and a further $600,000 by way of dividends to our shareholders.

We look forward to our continuous support of projects and organisations in our communities as more people bank with us and we become more successful.

Our partners

Our franchise partners Bendigo and Adelaide Bank Limited remains one of the few banks globally to be rewarded an upgraded credit rating since the onset of the GFC. We are confident that our franchise partners are fully committed to the **Community Bank®** concept and that in the future they will ensure that the model remains successful in order to produce reasonable returns for our shareholders and capital for the betterment of our communities. All **Community Bank®** branches operate under Bendigo and Adelaide Bank Limited banking licence and as such all deposits held are guaranteed by the federal government and supported by capital supplied by our franchise partners Bendigo and Adelaide Bank Limited.

Dividends

The Board of Directors are pleased to be recommending a dividend of 15.5 cents per share, fully franked, to be paid. This recommended dividend will take total dividends paid per share to 95.7 cents, amounting to $598,009 since our **Community Bank®** company commenced trading.

Your Board of Directors

In February 2013 our long term Chairman Ann Robilotta resigned. The Board, shareholders and I thank Ann for her contribution and commitment to the success of our company. Ann was a member of the Board for more than 11 years and during this long period Ann spent many hours working on Board matters and promoting our company and our branches.

In February 2013 Helen Weissenberger also resigned. Helen was a member of the Board for five years. We also thank Helen for the financial expertise she provided to the Board.

During the year we appointed Paul Wraith to our Board of Directors. Paul brings a wealth of business experience to the Board. He is also a shareholder and very committed to the success of our company.

I would also like to say thank you to the other Board members for their time and commitment to our success.

Chairman's report (continued)

Our employees

Our company success is mainly due to our very capable and dedicated employees who at all times perform their duties to the best of their abilities and work many extra hours to assist organisations we support with our donations and sponsorships. We are very grateful to them all and I take this opportunity to say thank you to our Managers, particularly our Senior Manager, Ian Johnston, for their commitment to the **Community Bank®** concept and to the continuous growth of our company.

Our future

Our **Community Bank®** company is in great shape. It will continue to provide good returns to our shareholders and financial assistance to many organisations in our communities. Whilst the staff and the Board of Directors continue to work hard to ensure the success of our company, I would like to encourage you, our shareholders, to help us achieve that success by choosing to bank with us. I would also ask you to promote our **Community Bank®** branch to your friends, acquaintances and the public in general, the benefits that our **Community Bank®** branches bring to your respective communities. That those benefits can be magnified if they also bank with our **Community Bank®** branches.

In conclusion I would like to thank you for your continued support and assure you that your Board will continue to work diligently to deliver benefits to you and your communities.

Paul Vertullo
Chairman

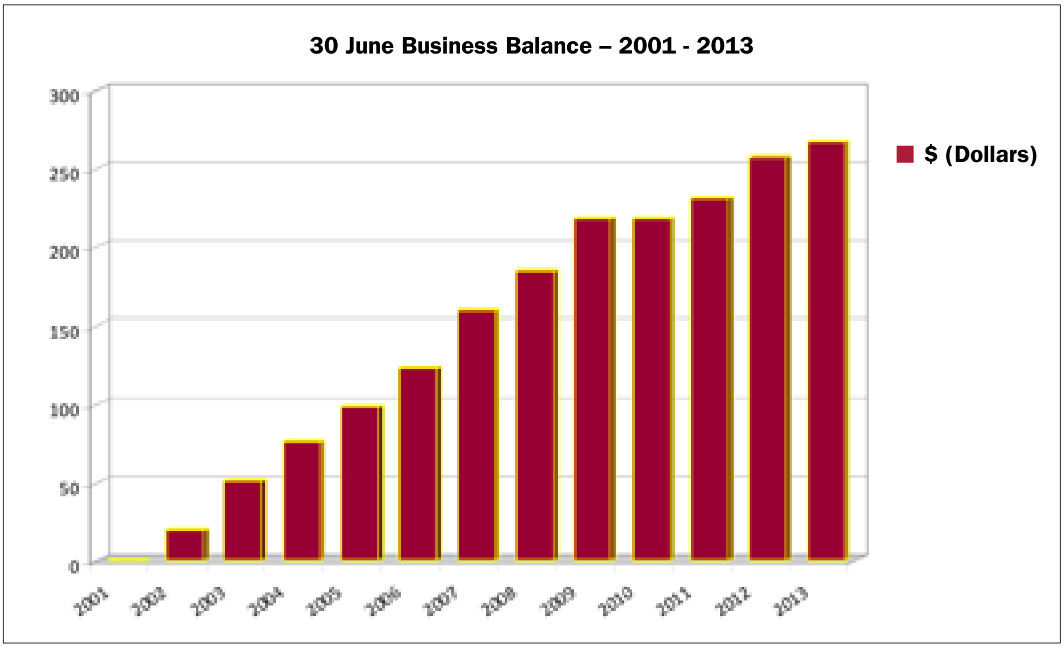
Senior Manager's report

For year ending 30 June 2013

I am pleased to report that we have again achieved good results for your **Community Bank®** company. This is despite political instability and subsequent business disruption of the past financial years.

Given the aforementioned challenges, our combined four branches as at 30 June 2013 have business balances of $267 million, which is net growth of $10 million, up on the $257 million as at 30 June 2012.

Business growth is illustrated below.



Our revenue also increased to $2.79 million, up $170,000 on last year's income of $2.62 million.

We have started the new financial year with solid business activity, however all of our branches are still operating in difficult economic environments. We look forward to stability and some certainty in our local economies. With the Commonwealth Games here on the Gold Coast in the foreseeable future, we are confident that business activity will build. The work we have done on building the many community and business relationships, will place us in good stead. This strategy of engagement will provide us with the opportunity to continue to grow our business.

I thank our past Chairman of the Board, Ann Robilotta and current Chairman Paul Vertullo together with the Directors for their support. Also, a big thank you to our customers and shareholders, for simply banking with us.

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 Relationship Manager), Chris Anderson (Customer Service Supervisor), Brittany Von Mengersen, Sara Clarke, Amie Ebert and Siobhan Wilkinson (Customer Service Officers).

Senior Manager's report (continued)

Upper Coomera

Joanne Vandenberg (Manager) Kristy Battista (Customer Relationship Manager) Jenny O'Keefe (Customer Service Supervisor) and Amanda Gall and Bree Noormahomed (Customer Service Officers).

Ormeau

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

Mudgeeraba

Mark Harvey (Manager), Chris Wilshire (Customer Service Supervisor), Chloe Griggs and Alicia Merrin(Customer Service Officers).

We are all looking forward to the year ahead with optimism and to the opportunities that will present. We are confident that we will achieve solid financial results, which in turn, will benefit our communities, shareholders and staff.

Ian Johnston
Senior Manager

Donations/sponsorships

Donations and sponsorship recipients 2012/13

Bonogin Valley Spring Fair	QLD Blue Light Association
Community Enterprise Foundation ™	RACQ Careflight
Coombabah State High School – Reading Program	Rivermount College – Winner Ormeau Fair Contest
Coomera Chamber of Commerce	Rotary Club of Coomera River -
Coomera Cutters Junior Rugby League	Rotary Club of Coomera Valley – Upper Coomera Christmas Carols
Coomera Magpies Snr	RSL Mudgeeraba Sub Branch
Drug Arm Awareness Booklet	Runaway Bay Junior Rugby Leagues Club
Dynamite Studios Australia	Runaway Bay Rotary Club – Healthy Heroes Program & Early Psychosis Symposium
Gold Coast Arts Centre	Runaway Bay Seahawks Basketball Club
Highway Christian Church – Christmas Carols	Sequana Retirement Village
Laidley Flood Appeal	Shearers Junior Rugby League Club
Local Hero SIDS – The Great Australian Ride	Shearers Senior Rugby League Club
Mater Miracles	St Francis Xavier School Fete
Mudgeeraba Heat Basketball	Tasmanian Bicheno Bushfire Appeal
Mudgeeraba Show Society	The d'Arcy Doyle Art Awards
Nerang Respite	The Goda Foundation - Gala Ball
North Burnett Flood Appeal	Variety Queensland Inc
Ormeau Bulldogs AFL Club	YHES House
Ormeau Fair	
Ormeau Junior Cricket Club	
Oxenford & Coomera Youth Centre	
Paradise Kids – Grief & Loss Program	
Paradise Point Sailing Club – 4 BIC Dinghies	
Professionals Real Estate, Upper Coomera – Community BBQ Trailer	

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report, together with the financial statements of the company for the financial year ended 30 June 2013.

Principal activities and significant changes in nature of activities

The principal activities of the company during the financial year were to provide **Community Bank®** services under Franchise Agreements to operate franchised branches of Bendigo and Adelaide 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

<u>Operating results</u>

The profit after tax for the company amounted to $163,348 for the financial year.

<u>Review of operations</u>

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 6.17%.

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 11.50c per share was paid on 18/12/2012 – $71,846.

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, prospects and business strategies

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 State or Territory.

Information on Directors

Paul Vertullo	—	Real Estate Agent
John Ronald Hooton	—	Retailer
Frederick William Woodley	—	Retired Engineer
Lesley Woodford-Carr	—	Lawyer
Ewald Gerhard Kuppe	—	Businessman
Paul James Wraith (appointed 28/05/2013)	—	Retired Businessman
Ann Robilotta (ceased 25/02/2013)	—	Director
Helen Louise Weissenberger (ceased 26/02/2013)	—	Certified Practicing Accountant

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

During the financial year, 11 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were as follows:

Director	Directors' meetings	
	Number eligible to attend	Number attended
Paul Vertullo	11	9
John Ronald Hooton	11	11
Frederick William Woodley	11	11
Lesley Woodford-Carr	11	11
Ewald Gerhard Kuppe	11	8
Paul James Wraith	2	2
Ann Robilotta	7	6
Helen Louise Weissenberger	7	4

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.

Directors' report (continued)

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 2013 has been received and can be found on page 10 of the Financial Report.

Changes in directors and executives subsequent to year end

No changes in Directors or Executives occurred subsequent to year end.

Signed in accordance with a resolution of the Board of Directors

Paul Vertullo

Dated: 25 September 2013

Auditor's independence declaration

the independent audit solution

For your peace of mind

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 2013 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

A.L.Blank.

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ANDREA BLANK BBus CPA RCA
PARTNER

Registered Company Auditor No. 278326

Dated this 25th day of September, 2013

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Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	Note	2013 $	2012 $
Continuing operations			
Revenue	2	2,797,609	2,629,783
Employee benefits expense		(1,385,897)	(1,307,764)
Finance costs	3	(2,439)	(2,665)
Depreciation and amortisation expense		(87,527)	(86,616)
Other expenses		(1,082,616)	(983,616)
Profit before income tax	**3**	**239,130**	**249,122**
Tax expense	4	(75,782)	(139,942)
Net profit for the year	**3**	**163,348**	**109,180**
Other comprehensive income		-	-
Other comprehensive income, net of Tax		-	-
Total comprehensive income for the year		**163,348**	**109,180**

Statement of financial position as at 30 June 2013

	Note	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	7	587,381	670,410
Trade and other receivables	8	192,916	200,541
Other assets	11	4,941	4,955
Total current assets		**785,238**	**875,905**
Non-current assets			
Trade and other receivables	8	1,000	2,917
Property, plant and equipment	9	467,183	499,521
Deferred tax assets	14	47,020	51,483
Intangible assets	10	100,908	65,970
Total non-current assets		**616,111**	**619,891**
Total assets		**1,401,349**	**1,495,796**
Liabilities			
Current liabilities			
Trade and other payables	12	173,684	150,874
Borrowings	13	8,599	8,004
Current tax liabilities	14	(6,336)	163,179
Provisions	15	51,130	110,056
Total current liabilities		**227,077**	**432,112**
Non-current liabilities			
Borrowings	13	20,890	29,490
Other provisions	15	35,541	7,855
Total non-current liabilities		**56,431**	**37,345**
Total liabilities		**283,508**	**469,457**
Net assets		**1,117,841**	**1,026,339**
Equity			
Issued capital	16	608,450	608,450
Retained earnings		509,391	417,889
Total equity		**1,117,841**	**1,026,339**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

	Note	Ordinary $	Retained earnings $	Total $
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	6		(28,739)	(28,739)
Total transactions with owners and other transfers		**-**	**(28,739)**	**(28,739)**
Balance at 30 June 2012		**608,450**	**417,889**	**1,026,339**
Balance at 1 July 2012		**608,450**	**417,889**	**1,026,339**
Comprehensive income				
Profit for the year			163,348	163,348
Total comprehensive income for the year		**-**	**163,348**	**163,348**
Transactions with owners, in their capacity as owners and other transfer				
Dividends recognised for the year	6		(71,846)	(71,846)
Total transactions with owners and other transfers		**-**	**(71,846)**	**(71,846)**
Balance at 30 June 2013		**608,450**	**509,391**	**1,117,840**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		2,774,360	2,680,346
Payments to suppliers and employees		(2,499,776)	(2,161,147)
Interest received		26,446	16,231
Finance costs		(2,439)	(2,664)
Income tax paid		(211,643)	(2,363)
Net cash provided by/(used in) operating activities	**19a**	**86,948**	**530,403**
Cash flows from investing activities			
Purchase of intangible assets		(72,246)	(55,867)
Purchase of property, plant and equipment		(17,881)	(40,532)
Net cash provided by/(used in) investing activities		**(90,127)**	**(96,399)**
Cash flows from financing activities			
Repayment of borrowings		(8,004)	37,493
Dividends paid		(71,846)	(28,739)
Net cash provided by/(used in) financing activities		**(79,850)**	**8,754**
Net increase/(decrease) in cash held		(83,029)	442,758
Cash and cash equivalents at beginning of financial year	7	670,410	227,653
Cash and cash equivalents at end of financial year	**7**	**587,381**	**670,410**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

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 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 Australian Accounting Standards Board 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/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

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/(income) 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(a) Income tax (continued)

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.

<u>Plant and equipment</u>

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 profit or loss during the financial period in which they are incurred.

<u>Depreciation</u>

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
Furniture and fittings	6.67%
Plant and equipment	7.5 - 50%
Motor vehicles	25%

Note 1. Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation (continued)

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 recognised in profit or loss in the period in which they arise. 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.

(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.

Note 1. Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Classification and subsequent measurement (continued)

(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.

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.

Note 1. Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Impairment (continued)

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, intangible assets with indefinite lives and intangible assets not yet available for use.

(e) Intangibles other than goodwill

Franchise fee

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 incurred.

(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.

Note 1. Summary of significant accounting policies (continued)

(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 three months or less.

(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 goods sold and 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 goods and 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 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.

Note 1. Summary of significant accounting policies (continued)

(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).

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

Note 1. Summary of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

- 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.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the company is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the Directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).
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.

Since the company is a for-profit private sector entity that does not have public accountability, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the company's financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This Standard is not expected to significantly impact the company's financial statements.

Note 1. Summary of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the company's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the company's financial statements.

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

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

AASB 13 requires:

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

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the company's financial statements.

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

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

AASB 119 (September 2011) also includes changes to:

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

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

– AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

Note 1. Summary of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the company's financial statements.

– AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the company's financial statements.

– AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and
AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the company's financial statements.

Notes to the financial statements (continued)

	2013 $	2012 $

Note 2. Revenue and other income

(a) Revenue from continuing operations

	2013 $	2012 $
Sales revenue		
— provision of services	2,668,304	2,498,565
Total sales revenue	**2,668,304**	**2,498,565**
Other revenue		
— interest received	26,426	20,154
— government subsidies received	4,545	13,455
— other revenue	98,333	97,351
— Insurance Reimbursements	-	258
Total other revenue	**129,305**	**131,218**
Total sales revenue and other revenue	**2,797,609**	**2,629,783**
Interest revenue from:		
— other corporations	26,426	20,154
Total interest revenue on financial assets not at fair value through profit or loss	**26,426**	**20,154**
(b) Total revenue and other income from continuing operations	**2,797,609**	**2,629,783**
(c) (d) Income from continuing operations and discontinued operations	**2,797,609**	**2,629,783**

Note 3. Profit for the year

(a) Expenses

	2013 $	2012 $
— Other persons	2,439	2,665
Total interest expense	**2,439**	**2,665**
Employee benefits expense		
— employee benefit expense	**1,385,897**	**1,307,764**
Loss on disposal of property, plant and equipment	-	887

Note 4. Tax expense

(a) The components of tax (expense)/income comprise:

	2013 $	2012 $
Current tax	72,973	111,798
Deferred tax	4,463	(23,237)
Over provision of tax in respect of prior years	(1,654)	51,381
	75,782	**139,942**

	Note	2013 $	2012 $

Note 4. Tax expense (continued)

(b) Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	Note	2013 $	2012 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012:30%)		71,739	74,737
		71,739	**74,737**
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		3,471	7,221
— other non-allowable items		2,226	6,611
— Over provision of tax in respect of prior years		(1,654)	
		75,782	**139,949**
Income tax attributable to entity		**75,782**	**139,942**
The applicable weighted average effective tax rates are as follows:		31.7%	56.2%

The decrease in the weighted average effective tax rate for 2013 is a result of accelerated tax allowances on plant and equipment compared to 2012.

Note 5. Auditors' remuneration

	Note	2013 $	2012 $
Remuneration of the Auditor for:			
— auditing or reviewing the financial report		8,500	8,500
		8,500	**8,500**

Note 6. Dividends

	Note	2013 $	2012 $
Distributions paid			
Interim fully franked ordinary dividend of $71,846.26 (2013: 11.5c cents per share franked at the tax rate of 30% (2012: 30%)		71,846	28,739
		71,846	**28,739**

Note 7. Cash and cash equivalents

	Note	2013 $	2012 $
Cash at bank and on hand		587,381	670,410
	22	**587,381**	**670,410**

	Note	2013 $	2012 $

Note 7. Cash and cash equivalents (continued)

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:			
Cash and cash equivalents		587,381	670,410
		587,381	**670,410**

Note 8. Trade and other receivables

	Note	2013 $	2012 $
Current			
Trade receivables	8c	232,769	234,036
Provision for impairment	8a(i)	(39,853)	(33,495)
		192,916	**200,541**
Total current trade and other receivables		**192,916**	**200,541**
Non-current			
Trade receivables		1,000	2,917
		1,000	**2,917**
Total non-current trade and other receivables		**1,000**	**2,917**

(a) Provision for impairment of receivables

Movement in the provision for impairment of receivables is as follows:

	Opening balance 1 July 2011 $	Charge for the year $	Amounts written off $	Closing balance 30 June 2012 $
(i) Current trade receivables	14,620	18,875		33,495
	14,620	**18,875**	**-**	**33,495**
	Opening balance 1 July 2012 $	**Charge for the year $**	**Amounts written off $**	**Closing balance 30 June 2013 $**
(i) Current trade receivables	33,495	6,358		39,853
	33,495	**6,358**	**-**	**39,853**

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.

	Note	2013 $	2012 $

Note 8. Trade and other receivables (continued)

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.

(C) financial assets classified as loans and receivables

	Note	2013 $	2012 $
Trade and other receivables			
— Total current		192,916	200,541
— Total non-current		1,000	2,917
		193,916	**203,458**
Less construction contracts in progress			
Financial assets	**22**	**193,916**	**203,458**

(d) Collateral pledged

There has been no floating charge over trade receivables.

Note 9. Property, plant and equipment

	2013 $	2012 $
At cost	746,609	728,728
Accumulated depreciation	(312,744)	(274,192)
	433,865	**454,536**
Motor vehicle at cost	52,561	52,561
(Accumulated amortisation)	(21,348)	(10,944)
	31,213	**41,617**
Low value pool	2,105	3,368
	2,105	**3,368**
Total plant and equipment	**467,183**	**499,521**
Total property, plant and equipment	**467,183**	**499,521**

Note 9. Property, plant and equipment (continued)

(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 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**	**41,616**	**499,521**
Additions	17,881		17,881
Depreciation expense	(39,815)	(10,403)	(50,218)
Balance at 30 June 2013	**435,970**	**31,213**	**467,183**

	2013 $	2012 $
(b) Capitalised finance costs		
Borrowing costs incurred	569	569
Borrowing costs capitalised	569	569

Note 10. Intangible assets

Franchise fees at cost	125,867	125,867
Franchise establishment fees at costs	242,246	170,000
Accumulated depreciation	(270,420)	(237,797)
Net carry amount	**97,693**	**58,070**
I.T Software at cost	30,491	30,491
Accumulated amortisation	(27,637)	(23,066)
Net carry amount	**2,854**	**7,425**
Borrowing costs	569	569
Accumulated amortisation	(208)	(95)
Net carrying amount	**361**	**475**
Total intangibles	**100,908**	**65,970**

Note 10. Intangible assets (continued)

	Franchise fees $	I.T software at costs $	Borrowing costs $
Year ended 30 June 2012	499,406	14,540	513,946
Balance at the beginning of year	30,083	11,995	-
Additions	55,867	-	569
Amortisation charge	(27,880)	(4,570)	(95)
Closing value at 30 June 2012	**58,070**	**7,425**	**474**
Year ended 30 June 2013	17,881		17,881
Balance at the beginning of year	58,070	7,425	474
Additions	72,246	-	-
Amortisation charge	(32,623)	(4,571)	(113)
Closing value at 30 June 2013	**97,693**	**2,854**	**361**

The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

	2013 $	2012 $

Note 11. Other assets

Current		
Prepayments	4,941	4,955
	4,941	**4,955**

Note 12. Trade and Other Payables

Current		
Unsecured liabilities		
Sundry payables and accrued expenses	173,684	150,874
	173,684	**150,874**
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	173,684	150,874
	173,684	**150,874**

	Note	2013 $	2012 $

Note 13. Borrowings

	Note	2013 $	2012 $
Current			
Unsecured liabilities			
Chattel mortgage		8,599	8,004
		8,599	**8,004**
Total current borrowings		**8,599**	**8,004**
Non-current			
Unsecured liabilities			
Chattel mortgage		20,890	29,490
		20,890	**29,490**
Total non-current borrowings		**20,890**	**29,490**
Total borrowings	**22**	**29,489**	**37,493**

(a) Collateral provided

There is no Collateral Agreement over the chattel mortgage

Note 14. Tax

	2013 $	2012 $
Current		
Income tax payable	(6,336)	163,179
	(6,336)	**163,179**

	Opening balance $	Charged to income $	Closing balance $
Deferred tax assets	499,406	14,540	513,946
Provisions	24,876	18,932	43,808
Property, plant and equipment	55,867	-	569
- Depreciation	(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**

Note 14. Tax (continued)

	Opening balance $	Charged to income $	Closing balance $
Provisions	43,808	(8,104)	35,704
Property, plant and equipment	72,246	-	-
- Depreciation	(2,373)	1,733	(640)
Other	10,048	1,908	11,956
Balance as at 30 June 2013	**51,483**	**(4,463)**	**47,020**

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.

Note 15. Provisions

	2013 $	2012 $
Current		
Employee benefits		
Opening balance at beginning of year	109,289	55,286
Additional provisions raised during year	37,037	54,003
Unused amounts reversed	(94,227)	-
Balance at end of the year	**52,099**	**109,289**
Other		
Opening balance at beginning of year	3,130	3,130
Unused amounts reversed	(2,363)	(2,363)
Balance at end of the year	**767**	**767**
Provision for fringe benefits tax	(1,736)	-
Total	**51,130**	**110,056**
Non-current		
Employee benefits		
Opening balance at beginning of year	7,855	15,316
Additional provisions raised during year	53,054	-
Amounts used	-	(7,461)
Unused amounts reversed	(25,368)	-
Balance at end of the year	**35,541**	**7,855**

	2013 $	2012 $

Note 15. Provisions (continued)

Analysis of total provisions

	2013 $	2012 $
Current	51,130	110,056
Non-current	35,541	7,855
	86,671	**117,911**

Provision for employee benefits - long-service leave

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 16. Issued capital

	2013 $	2012 $
624,750 fully paid ordinary shares 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 2013 and 30 June 2012 are as follows:

	Note	2013 $	2012 $
Total borrowings	12, 13	203,173	188,367
Less cash and cash equivalents	7	(587,381)	(670,410)
Net debt		**(384,207)**	**(482,043)**
Total equity		1,117,841	1,026,339
Total capital		**733,634**	**544,296**
Gearing ratio		N/A	N/A

	2013 $	2012 $

Note 17. Capital and leasing commitments

(a) Pperating 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	293,262
— between 12 months and 5 years	1,227,857	1,198,247
— later than 5 years	-	-
	1,521,119	**1,491,509**

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 18. Contingent liabilities and contingent assets

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.

	2013 $	2012 $

Note 19. Cash flow information

(a) Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	163,348	109,180
Non-cash flows in profit		
Amortisation	37,308	32,545
Depreciation	50,219	54,071
Net (gain)/loss on disposal of property, plant and equipment	-	887

Notes to the financial statements (continued)

	2013 $	2012 $
Note 19. Cash flow information (continued)		
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	3,197	66,795
Increase/(decrease) in trade payables and accruals	22,810	63,929
Increase/(decrease) in income taxes payable	(166,788)	137,580
Increase/(decrease) in provisions	(23,145)	65,416
Cash flow from operations	**86,948**	**530,403**

Note 20. Events after the reporting period

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

Note 21. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties 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;

	2013 # shares	2012 # shares
Paul Vertullo	50,500	40,000
John Ronald Hooton	6,000	6,000
Frederick William Woodley	0	0
Lesley Woodford-Carr	500	500
Ewald Gerhard (Garry) Kuppe	15,000	15,000
Paul James Wraith	59,400	0
Ann Robilotta	25,600	25,600
Helen Louise Weissenberger	2,000	2,000

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 $11,800.

Note 21. Related Party Transactions (continued)

	Gross remuneration	
	2013 $	2012 $
Key management personnel	177,301	159,225

Note 22. Financial risk management

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

	Note	2013 $	2012 $
Financial assets			
Cash and cash equivalents	7	587,381	670,410
Loans and receivables	8c	193,916	203,458
Total financial assets		**781,297**	**873,867**
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12	173,684	150,874
— Borrowings	13	29,489	37,493
Total financial liabilities		**203,173**	**188,367**

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 liquidity risk and interest rate margin risk.

Note 22. Financial risk management (continued)

a. Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity 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 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 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 defer 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	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial liabilities due for payment								
Trade and other payables	173,684	150,874					173,684	150,874
Chattel mortgage liabilities	8,599	8,004	20,890	29,490			29,490	37,494
Total contractual outflows	**182,283**	**158,878**	**20,890**	**29,490**	**-**	**-**	**203,173**	**188,368**
Less bank overdrafts	-	-						
Total expected outflows	**182,283**	**158,878**	**20,890**	**29,490**	**-**	**-**	**203,173**	**188,368**
Financial assets - cash flows realisable								
Cash and cash equivalents	587,381	670,410					587,381	670,410
Trade, term and loans receivables	187,097	191,148					187,097	191,148
Total anticipated inflows	**774,478**	**861,558**	**-**	**-**	**-**	**-**	**774,478**	**861,558**
Net (outflow) / inflow on financial instruments	**592,195**	**702,680**	**(20,890)**	**(29,490)**	**-**	**-**	**571,304**	**673,190**

Note 22. Financial risk management (continued)

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.

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 and loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

	Note	2013		2012	
		Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Cash and cash equivalents	(i)	587,381	587,381	670,410	670,410
Trade and other receivables	(i)	193,916	193,916	203,458	203,458
Total financial assets		**781,297**	**781,297**	**873,867**	**873,868**

Note 22. Financial risk management (continued)

Fair values (continued)

<u>Fair value estimation (continued)</u>

	Note	2013		2012	
		Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair value $**
Financial liabilities					
Trade and other payables	(i)	173,684	173,684	150,874	150,874
Chattel Mortgage	(ii)	29,490	29,489	-	37,493
Total financial liabilities		**203,174**	**203,173**	**150,874**	**188,367**

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.

Note 23. Company details

The registered office of the company is:

Paradise Point Financial Services Ltd
Shops 3 & 4 42 Esplanade Paradise Point QLD 4216

The principal place of business is:

Paradise Point Financial Services Ltd
Shops 3 & 4 42 Esplanade Paradise Point QLD 4216

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, as set out on pages, as set out on pages 11 to 39, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2013 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;

Paul Vertullo
Director

Dated 25 September 2013

Independent audit report

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For your peace of mind

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS 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 2013, 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 2013 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.

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PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

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

WILLIAMS PARTNERS
INDEPENDENT AUDIT SPECIALISTS

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

4 Helensvale Road
Helensvale Qld 4212

Dated this 25th day of September 2013

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Upper Coomera branch
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Upper Coomera QLD 4209
Phone: (07) 5500 0496

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

Mudgeeraba branch
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Phone: (07) 5522 9545

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