Annual Report 2016

Paradise Point Financial Services Ltd

ABN 33 095 686 936

Paradise Point **Community Bank®** Branch

Upper Coomera branch

Ormeau branch

CONTENTS

Dear Shareholders,
It gives me great pleasure to once again present the Annual Report of Paradise Point Financial Services Limited.

OUR COMPANY

I am further pleased to report that the financial year ended 30 June 2016 has been a good year for our company. Again we have achieved milestones in most areas of activity.

- 15 years of successful operations since opening our doors on 1 October 2001
- More than $300 million held in accounts across our branches
- 10,400 accounts across our branches
- $1.543 million in community donations and sponsorships since we opened the doors of our first **Community Bank**® branch at Paradise Point.

Our company continues to grow, giving the board the financial strength to assist needy groups and associations in our community and at the same time being able to pay a good dividend to you, our shareholders. During the financial year we have donated $133,451 in grants and sponsorships to our local communities (see separate list of recipients).

DIVIDENDS

Fifteen years ago, when the shareholders decided to participate in the establishment of our **Community Bank**® company nobody envisaged the growth and the financial stability that Paradise Point Financial Services Limited was going to achieve. The Directors are very pleased to inform you that our company is in a very good financial position, with healthy cash reserves and excellent future prospects. The Board believes that you, our shareholders, should benefit from the strong financial position of your company, therefore a fully franked dividend of 20 cents per share is recommended for the financial year 2015/16. This will bring our accumulated dividends paid per share to $1.46.

PROFIT SHARE WITH OUR PARTNERS BENDIGO BANK

In my 2014/15 report I advised that Bendigo and Adelaide Bank Ltd had undertaken a comprehensive review of the **Community Bank**® model. The review, referred to as Project Horizon saw changes in the revenue share model. This would see a reduction in revenue for our **Community Bank**® company based on the make-up of our branches banking business. Your Board of Directors has been closely monitoring this process and we will continue to have ongoing discussions with Bendigo and Adelaide Bank Ltd in order to ensure the best possible outcome for our company. Your Board has not yet signed the proposed new Franchise Agreement that seeks to implement the Project Horizon changes. We have also joined an Alliance of other **Community Bank**® franchisees for further advice prior to considering the signing of this new Franchise Agreement. Irrespective of the outcome of the Alliance negotiations, our bottom line in future may be reduced due to the tightening of margins and a very competitive banking and finance sector.

OUR EMPLOYEES

All our employees are very committed to the **Community Bank**® concept. Managers and staff attend weekend and after hours community events where they represent our branches in a highly professional manner. They promote our branches and the professional and personal service we provide. In a very competitive banking environment they work very hard to attract business and are very committed to the on-going success of our community company.
On behalf of all Directors and on your behalf, I would like to take this opportunity to recognise the commitment and efforts of our Senior Manager, Ian Johnston and all of our staff and say thank you to them all.

YOUR BOARD OF DIRECTORS

During the financial year two long-term Directors, John Hooton and Fred Woodley, retired from the Board. John Hooton of course was one of our founding Directors, he was instrumental in the establishment of the company and in raising the necessary capital to establish the **Community Bank**® company. Both John and Fred made a tremendous contribution to the success of our company. On your behalf I want to sincerely say thank you to both of them and wish them well for the future.
During the financial year, two new Directors joined the Board, Martin Mankowski and Nicholas Mathers. The Board has appointed Martin Treasurer of the company and Chairman of our Human Resources Committee. Nicholas has been appointed to the Marketing Committee and will contribute to our I.T. strategies. We look forward to their contribution to the long term success of our company.

THE COMMUNITY BANK® NETWORK

Community Bank® branch companies Australia-wide continue to make a big contribution to the financial stability of many community organisations, sporting groups and many individuals undertaking apprenticeships and tertiary studies. Our own company, Paradise Point Financial Services Limited, for the last three years, has supported the Australian Industry Trade College. Many young people from the northern end of the Gold Coast have obtained industry qualifications from the college and many other young people will follow into the college and acquire the skills that will secure their financial futures.

In addition, our company is partnering with Griffith University School of Business in developing social marketing strategies that we believe will help grow our business, plus expose students to real business experiences.

THE FUTURE

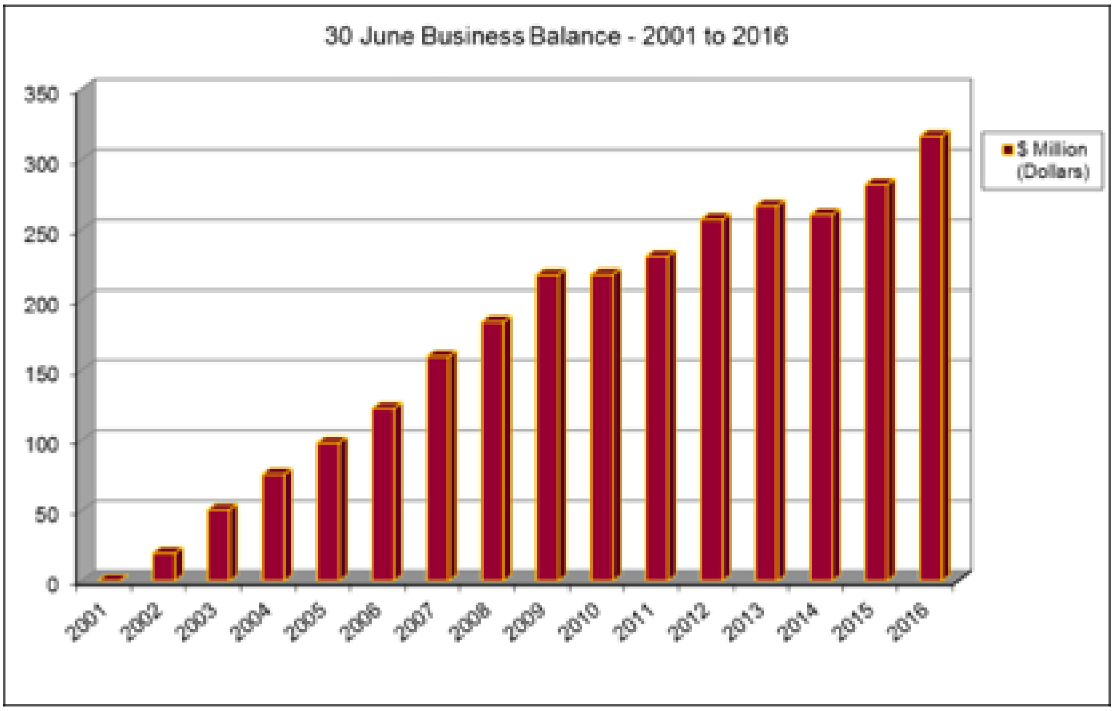
The Board is focused on achieving the best possible outcome in relation to the implementation of Project Horizon. The Directors together with our staff will continue to implement policies and strategies that will grow the company. We also would like to urge you, our shareholders, to become your bank's ambassadors to the community at large. You can contribute to the growth of the company by encouraging family, friends and acquaintances to bank with your **Community Bank®** branch.

In conclusion, on behalf of all the Directors and the staff, I would like to say thank you for your support over so many years and also assure you that the Board will continue to work diligently in order to deliver great benefits to our communities and to yourselves.

Paul Vertullo
Chairman

This past financial year has been one of business and market change. Many of our borrowing customers choose to realise on their residential investment holdings, as market prices rose back to pre GFC times, paying down debt and placing surplus funds on deposit with us. This contributed to our deposit base increasing by $22.9 million to $164.8 million. We had substantial payback to our loan book at the same time. Very strong new lending performances across our three branches resulted in loan approvals and settlements of +$55 million which replaced this repaid debt, plus increased our loan book by a further $7.6 million to $151.7 million. Total business growth across the three branches increased by a credible $30.5 million for the year to $316.5 million. It was a very pleasing to reach another milestone, being +$300 million in business on the books this year. Paradise Point, Upper Coomera and Ormeau **Community Bank®** branches have again set themselves up for future growth. Perhaps customer sentiment towards debt reduction may stabilise, and allow our branches to further increase value to the communities that they service.

The visual aspect of what has been achieved this year and over the past 15 years is demonstrated by the following graph.



The 2016/17 financial year has kicked off well, delivering excellent bottom line results in the first quarter, on the back of the growth of last year. Solid business activity across our three branches is already evident. As suggested in last year's report, the 2018 Commonwealth Games here on the Gold Coast provided customer confidence and business activity. This should continue over the next three to four years. Our strategy in the coming term is to increase our customer and community engagement to further our opportunities in gaining more business and to increase our customer base. An initiative we commenced this year with Griffith University is to pilot a Social Media Campaign, to help us engage with our community and tell our story. This initiative went live in August 2016. Please have a look at our Facebook page 'Gold Coast North Community Branches'.

I thank our **Community Bank®** company Board of Directors for their support in backing our staff who are constantly engaging with the community many ways. Also, a big thank you to those **Community Bank®** company shareholders who simply bank with us. This support on top of our growing customer base provides advocacy that will see our continued success.

I would like to acknowledge our skilful, friendly, hardworking and dedicated staff teams:

Paradise Point

Belinda Sippel and Brittany Von Mengersen (Customer Relationship Managers), Jess Dimatulac (Customer Service Supervisor), Clive Onley - three days, Laititi Ah-Hi, Bronte Sly and Aleks Martin (Customer Service Officers).
Year 12 School Based Trainee – Brodie Lunney (School Based Trainee).

Upper Coomera

Alana Baulch (Manager), Amanda Holmes and Jenny Daniels (Customer Relationship Officers), Shanti Griffin, Janelle Herne, Bree Noormahomed and Clive Onley - 1 day (Customer Service Officers).

Ormeau

Kristy Batista (Manager), Emily Wells (Customer Relationship Officer), Tracy Webster, Judi Gardiner and Clive Onley – 1 day (Customer Service Officers).

Casuals

Chris Anderson and Cheyanne Marks (On Call Casuals).

Maternity Leave

Ragan Warren and Siobhan Ritchie.

Our enthusiastic staff are all looking forward to the year ahead. We are confident that together, we will again achieve solid customer growth, which in turn, will benefit our communities and you our shareholders.

Ian Johnston
Senior Manager

DONATIONS AND SPONSORSHIP RECIPIENTS 2015/2016

Paradise Point:

- Australian Industry Trades College – Student assistance
- Breakers Netball Club
- Schools Eisteddfod- Gold Coast
- Gold Coast North Chamber of Commerce GCNCC
- Griffith University Institute for Glycomics – Cancer
- Griffith University School of Business - Education
- Hinterland Field Archery
- Hopewell Hospice Services - Paradise Kids
- Mater Miracles Easter Appeal
- Meals on Wheels
- Paradise Point Bowls Club - Ladies
- Paradise Point Sailing Club
- Park Ridge Active Riding Group
- QLD Blue Light Assoc
- Qld Police Legacy
- RACQ Care Flight
- Rosie's Kitchen
- Rotary Club of Runaway Bay – Metal Health Symposium
- Rotary Club of Runaway Bay – New Born Babies
- Rotary Club of Runaway Bay – Rotary Oceania Medical Aid
- Runaway Bay Baseball Club - Dolphins
- Runaway Bay Soccer Club – Bayhawks
- Runaway Bay Basketball Club - Seahawks
- St Francis Xavier School – Trivia Night
- Teenage Adventure Park – Youth care
- The Arts Centre, Gold Coast – Mary Poppins
- South Australian Bush Fire Appeal
- Western Australian Bush Fire Appeal
- Coombabah State School – Fete

Upper Coomera:

- Highland Reserve School P&C 'Highland Fling Event'
- Nerang & Dist Equestrian Centre
- Careflight
- Rotary Club of Coomera Valley – Xmas Carols
- The Australian Football Club Magpies Jnr
- Artists Envision Heath Inc – Coomera Community Centre
- Coomera Cubs Baseball Club
- Coomera Cutters Junior Rugby League Club
- Mater Miracles
- Britain Dance Academy

Ormeau:

- Highway Christian Church – Xmas Carols
- Lutheran Ormeau River District School
- My Ormeau Inc
- Ormeau Bulldogs Junior Australian Football Club
- Ormeau Cricket Club
- Ormeau Lions - Ormeau Fair
- Ormeau Shearers Jnr Rugby League
- Ormeau Shearers Senior Rugby League
- Careflight
- Ormeau Allstars Football Club
- Ormeau Touch Football Association

PARADISE POINT FINANCIAL SERVICES LTD

ABN: 33 095 686 936

Financial Report For The Year Ended 30 June 2016

PARADISE POINT FINANCIAL SERVICES LTD

ABN: 33 095 686 936

Financial Report For The Year Ended 30 June 2016

CONTENTS

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

Your directors present their report on the entity PARADISE POINT FINANCIAL SERVICES LTD for the financial year ended 30 June 2016.

General Information

Directors

The following persons were directors of Paradise Point Financial Services Ltd during or since the end of the financial year up to the date of this

Paul Vertullo appointed (6/04/2001)
John Ronald Hooton retired (1/12/2015)
Frederick William Woodley resigned (28/01/2016)
Lesley Woodford-Carr appointed (11/11/2010)
Ewald Gerhard Kuppe appointed (15/01/2004)
Paul James Wraith appointed (28/05/2013)
Nicole Hintz appointed (28/01/2014)
Leslie William Forster appointed (25/08/2015)
Nicholas Mathers appointed (28/06/2016)
Martin Mankowski appointed (26/04/2016)

Particulars of each Director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

Dividends paid or declared for payment during the financial year are as follows:

A Fully Franked Interim ordinary dividend of 15.50c per share paid on 14 December 2015	$96,836

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

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.

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 2016 has been received and is attached to this report.

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.

Information relating to Directors and Company Secretary

Paul Vertullo	—	Real Estate Agent
John Ronald Hooton (Retired 01.12.2015)	—	Retailer
Frederick William Woodley (Resigned 28.01.2016)	—	Retired Engineer
Lesley Woodford-Carr (Appointed 01.12.2015)	—	Lawyer
Ewald Gerhard Kuppe	—	Businessman
Paul James Wraith	—	Retired Businessman
Nicole Hintz	—	Real Estate Agent
Leslie William Forster (Appointed 25.08.2015)	—	Builder
Nicholas Mathers (Appointed 28.06.2016)	—	IT Consultant
Martin Mankowski (Appointed 26.04.2016)	—	Retired Accountant

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

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

Company Secretary

The following person held the position of company secretary at the end of the financial year:
Lesley Karen Woodford-Carr, is a lawyer who has established her own practice in Sydney NSW and commenced trading in QLD in June 1993. Lesley Woodford-Carr has the following previous work experience: Associate to His Honour Judge Godfrey-Smith at the District Court of NSW, Australian Operations Claims Controller with QBE Insurance Ltd, Australian Operations Workers Compensation Underwriter with QBE Insurance Ltd, Switzerland Insurance Workers Compensation Underwriter, Switzerland Insurance Corporate lawyer, Dunhill Madden Butler Solicitors, Sydney Senior Associate Insurance Division. Mrs Woodford-Carr was appointed Company Secretary on 01.12.2015.

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Paul Vertullo	12	10
John Ronald Hooton	6	6
Frederick William Woodley	7	7
Lesley Woodford-Carr	12	12
Ewald Gerhard Kuppe	12	11
Paul James Wraith	12	11
Nicole Hintz	12	9
Leslie William Forster	11	11
Nicholas Mathers	1	1
Martin Mankowski	3	1

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: This 26th day of September 2016

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the independent audit solution

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 2016 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.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

Dated this 26th day of September, 2016

4 Helensvale Road
Helensvale QLD 4212

HEAD OFFICE:
t: +61 (0)7 5580 4700 t: 1300 028 348 (domestic)
p: PO Box 1463 Oxenford Queensland 4210 Australia
a: 4 Helensvale Road Helensvale Queensland 4212 Australia
e: info@wpias.com.au
w: www.wpias.com.au WPIAS a Limited Partnership

WPIAS Pty Ltd ABN 99 163 915 482
An Authorised Audit Company

CPA
Liability limited by a scheme approved under Professional Standards legislation

GOLD COAST BRISBANE SYDNEY MELBOURNE PERTH

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Continuing operations			
Revenue	2	2,488,561	2,444,112
Other income	2	12,623	7,750
Employee benefits expense		(1,287,753)	(1,173,609)
Finance costs	3	(65)	(13)
Depreciation and amortisation expense		(88,557)	(67,685)
Other expenses		(900,055)	(820,496)
Profit before income tax		224,753	390,060
Tax expense	4	(74,231)	(120,372)
Net (Loss)/Profit for the year		150,521	269,689
Other comprehensive income:			
Total Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		150,521	269,689

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 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	858,422	900,356
Trade and other receivables	8	214,718	186,970
Other assets	11	5,012	5,028
TOTAL CURRENT ASSETS		1,078,153	1,092,354
NON-CURRENT ASSETS			
Trade and other receivables	8	1,000	1,000
Property, plant and equipment	9	345,912	307,328
Intangible assets	10	41,812	43,692
TOTAL NON-CURRENT ASSETS		388,723	352,020
TOTAL ASSETS		1,466,876	1,444,373
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	127,822	148,124
Borrowings	13	19,045	19,725
Current tax liabilities	14	17,860	50,595
Provisions	15	33,993	38,351
TOTAL CURRENT LIABILITIES		198,720	256,794
NON-CURRENT LIABILITIES			
Borrowings	13	46,069	27,739
Deferred tax liabilities	14	18,619	20,264
Provisions	15	32,735	22,529
TOTAL NON-CURRENT LIABILITIES		97,424	70,532
TOTAL LIABILITIES		296,144	327,326
NET ASSETS		1,170,733	1,117,047
EQUITY			
Issued capital	16	608,450	608,450
Retained earnings		562,283	508,597
TOTAL EQUITY		1,170,733	1,117,047

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 2016

	Note	Share Capital		
		Ordinary	Retained Earnings	Total
		$	$	$
Balance at 1 July 2014		608,450	335,744	944,194
Comprehensive income				
Profit for the year			269,689	269,689
Total comprehensive income for the year		-	269,689	269,689
Transactions with owners, in their capacity as owners				
Dividends recognised for the year	6	-	(96,836)	(96,836)
Total transactions with owners		-	(96,836)	(96,836)
Balance at 30 June 2015		608,450	508,596	1,117,046
Balance at 1 July 2015		608,450	508,596	1,117,046
Comprehensive income				
Profit for the year			150,521	150,521
Total comprehensive income for the year		-	150,521	150,521
Transactions with owners, in their capacity as owners,				
Dividends recognised for the year	6		(96,836)	(96,836)
Total transactions with owners		-	(96,836)	(96,836)
Balance at 30 June 2016		608,450	562,282	1,170,732

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 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,696,021	2,419,526
Payments to suppliers and employees		(2,469,478)	(2,018,988)
Interest received		19,169	19,056
Finance costs		(65)	(793)
Income tax paid		(91,007)	(23,921)
Net cash provided by/(used in) operating activities	19a	154,640	394,880
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other non-current assets		24,600	-
Purchase of Intangible Assets		(35,554)	-
Purchase of property, plant and equipment		(59,829)	(3,635)
Purchase of other non-current assets		-	-
Net cash provided by/(used in) investing activities		(70,783)	(3,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(28,955)	(10,711)
Dividends paid		(96,836)	(96,836)
Net cash provided by/(used in) financing activities		(125,791)	(107,547)
Net increase/(decrease) in cash held		(41,934)	283,698
Cash and cash equivalents at beginning of financial year		900,356	616,658
Cash and cash equivalents at end of financial year	7	858,422	900,356

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of Paradise Point Financial Services Ltd. Paradise Point Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26th September 2016 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these 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. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

(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.

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.

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 profit or loss 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
Plant and equipment	7.5 - 50%
Furniture and Fittings	6.67% - 40%
Motor Vehicles	25.00%

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

Initial Recognition and 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 entity commits itself to either the purchase or sale of the asset (ie 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.

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 ventures 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.

Impairment
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 into 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 Non Financial 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 of disposal 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 (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). 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

Short-term employee benefits
Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(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 three months or less, and bank overdrafts.

(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.

(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(c) 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 retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

(p) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Revenue and Other Income

	Note	2016 $	2015 $
(a) Revenue from continuing operations			
Sales revenue			
— provision of services		2,335,209	2,325,056
Total sales revenue		2,335,209	2,325,056

Other revenue			
— interest received		19,185	19,056
— other revenue		134,167	100,000
Total other revenue		153,352	119,056
Total sales revenue and other revenue		2,488,561	2,444,112
Other income			
— gain on disposal of non-current assets		7,873	-
— other income		4,750	7,750
Total other income		12,623	7,750
Interest revenue from:			
— other corporations		19,185	19,056
Total interest revenue on financial assets not at fair value through profit or loss		19,185	19,056
(b) **Total revenue and other income from continuing operations**		2,501,184	2,451,862
(c) **Income from continuing operations and discontinued operations**		2,501,184	2,451,862

Note 3 (Loss)/Profit for the Year

	Note	2016	2015
(a) Expenses		$	$
Interest expense on financial liabilities not at fair value through profit or loss:			
— Unrelated parties		65	13
Total interest expense		65	13
Employee benefits expense			
— Employee benefit expense		1,287,753	1,173,609

Note 4 Tax Expense

	Note	2016 $	2015 $
(a) The components of tax (expense) income comprise:			
Current tax		75,876	103,040
Deferred tax	14	(1,645)	17,330
		74,231	120,370
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%)		67,426	117,018
		67,426	117,018
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		3,555	-
— non-allowable items		3,250	3,354
		74,231	120,372
Income tax attributable to entity		74,231	120,372
The applicable weighted average effective tax rates are as follows:		33.0%	30.9%

Note 5 Auditor's Remuneration

	2016 $	2015 $
Remuneration of the auditor for:		
— auditing or reviewing the financial report	8,500	8,500
	8,500	8,500

Note 6 Dividends

	2016 $	2015 $
Distributions paid		
Interim fully franked ordinary dividend of $96,836 (2015: 15.5 cents per share) franked at the tax rate of 30% (2015: 30%)	96,836	96,836
	96,836	96,836

Note 7 Cash and Cash Equivalents

	Note	2016 $	2015 $
Cash at bank and on hand		858,422	900,356
	22	858,422	900,356

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:

		2016 $	2015 $
Cash and cash equivalents		858,422	900,356
		858,422	900,356

Note 8 Trade and Other Receivables

	Note	2016 $	2015 $
CURRENT			
Trade receivables		214,718	186,970
		214,718	186,970
Total current trade and other receivables		214,718	186,970
NON-CURRENT			
Trade receivables		1,000	1,000
		1,000	1,000
Total non-current trade and other receivables		1,000	1,000

Credit risk

The company has no exposure to credit rsik 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.

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.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

2016	Gross Amount $	Past due and impaired $	Past due but not impaired (days overdue) <30 $	31-60 $	61-90 $	>90 $	Within initial trade terms $
Trade and term receivables	214,718	-	-	-	-	-	214,718
Other receivables	1,000	-	-	-	-	-	1,000
Total	215,718	-	-	-	-	-	215,718

2015	Gross Amount $	Past due and impaired $	Past due but not impaired (days overdue) <30 $	31-60 $	61-90 $	>90 $	Within initial trade terms $
Trade and term receivables	186,970	-	-	-	-	-	186,970
Other receivables	1,000	-	-	-	-	-	1,000
Total	187,970	-	-	-	-	-	187,970

(a) **Collateral Held as Security**

No financial assets have been pledged as security for debt.

(b) **Financial Assets Classified as Loans and Receivables**

	Note	2016 $	2015 $
Trade and other Receivables			
— Total Current		214,718	186,970
— Total Non-Current		1,000	1,000
		215,718	187,970
Total trade receivables that are financial assets	22	215,718	187,970

(c) **Collateral Pledged**

No collateral is held over trade receivables.

Note 9 Property, Plant and Equipment

	2016 $	2015 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	628,919	583,152
Accumulated depreciation	(358,453)	(328,668)
	270,466	254,484
Motor Vehicles		
Cost	101,194	93,479
Accumulated Depreciation	(25,748)	(40,635)
	75,446	52,844
Total plant and equipment	345,912	307,328
Total property, plant and equipment	345,912	307,328

(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 2014	284,863	23,410	308,273
Additions	-	40,918	40,918
Disposals	-	-	-
Depreciation expense	(30,378)	(11,484)	(41,862)
Balance at 30 June 2015	254,485	52,844	307,328
Additions	45,767	60,276	106,043
Disposals		(16,727)	(16,727)
Acquisitions through business combinations	-	-	-
Depreciation expense	(29,786)	(20,947)	(50,733)
Balance at 30 June 2016	270,466	75,446	345,912

(b) **Capitalised Finance Costs**

	2016 $	2015 $
Borrowing costs incurred	1,739	1,349
Borrowing costs capitalised	1,739	1,349

Note 10 Intangible Assets

	2016 $	2015 $
Franchise fees at cost	125,867	125,867
Franchise establishment fees at cost	277,800	242,246
Accumulated Depreciation	(362,722)	(325,248)
Net carrying amount	40,945	42,865
I.T Software at cost	30,491	30,491
Accumulated Amortisation	(30,491)	(30,491)
Net carrying amount	-	-
Borrowing Costs	1,739	1,349
Accumulated Amortisation	(873)	(522)
Net carrying amount	866	827
Total intangibles	41,812	43,692

(a) **Movements in Carrying Amounts**	Franchise Fees $	I.T Software Costs $	Borrowing Costs $
Year ended 30 June 2015			
Balance at the beginning of year	68,487	-	247
Additions	-	-	780
Amortisation charge	(25,622)	-	(200)
Closing value at 30 June 2015	42,865	-	827

Year ended 30 June 2016			
Balance at the beginning of year	42,865	-	827
Additions	35,554	-	390
Amortisation charge	(37,474)	-	(351)
Closing value at 30 June 2016	40,945	-	866

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

Note 11 Other Assets

	2016 $	2015 $
CURRENT		
Prepayments	5,012	5,028
	5,012	5,028

Note 12 Trade and Other Payables

	Note	2016 $	2015 $
CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		127,822	148,124
		127,822	148,124

	Note	2016 $	2015 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		127,822	148,124
Total trade and other payables that are financial liabilities	22	127,822	148,124

Note 13 Borrowings

	Note	2016 $	2015 $
CURRENT			
Unsecured liabilities			
Chattel Mortgage		19,045	19,725
		19,045	19,725
Total current borrowings		19,045	19,725
NON-CURRENT			
Unsecured liabilities			
Chattel Mortgage		46,069	27,739
		46,069	27,739
Total non-current borrowings		46,069	27,739
Total borrowings	22	65,114	47,464

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

Note 14 Tax Balances

	2016 $	2015 $
CURRENT (ASSETS)/LIABILITIES		
Income tax payable	17,860	50,595
	17,860	50,595

	Opening Balance $	Charged to Income $	Closing Balance $
NON-CURRENT LIABILITIES			
Deferred tax liabilities			
Property, plant & equipment			
-Depreciation	46,789	(1,703)	45,086
Provisions	(33,351)	10,049	(23,302)
Other	(10,505)	8,985	(1,520)
Balance as at 30 June 2015	2,935	17,330	20,264

Property, plant & equipment			
-Depreciation	45,086	(2,692)	42,394
Provisions	(23,302)	(934)	(24,236)
Other	(1,520)	1,981	461
Balance as at 30 June 2016	20,264	(1,645)	18,619

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets ($) have been brought to account:
- temporary differences $Nil (2015: $Nil)
- tax losses: operating losses $Nil (2015: $Nil)
- tax losses: capital losses $Nil (2015: $Nil)

Deferred tax liabilities not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(a) occur.

Note 15 Provisions

CURRENT	2016	2015
	$	$
Employee Benefits		
Opening balance at beginning of year	29,490	53,173
Additional provisions raised during year	709	-
Unused amounts reversed	-	(23,683)
Balance at end of the year	30,199	29,490
Other		
Opening balance at beginning of year	5,834	35,785
Unused amounts reversed	(5,067)	(29,951)
Balance at end of the year	767	5,834
Provision for Fringe Benefits Tax	3,027	3,027
Total	33,993	38,351

NON-CURRENT	2016	2015
	$	$
Employee Benefits		
Opening balance at beginning of year	22,529	24,790
Additional provisions raised during year	10,206	12,847
Unused amounts reversed	-	(15,108)
Balance at end of the year	32,735	22,529
Total	32,735	22,529

Analysis of Total Provisions

	2016	2015
	$	$
Current	33,993	38,351
Non-current	32,735	22,529
	66,729	60,880

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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

	2016	2015
	$	$
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 of the company in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Company is not subject to any externally imposed capital requirements.

Management effectively manage the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are as follows:

	Note	2016 $	2015 $
Total borrowings	12, 13	192,936	195,588
Less cash and cash equivalents	7	(858,422)	(900,356)
Net debt		-	-
Total equity		1,170,733	1,117,047
Total capital		1,170,733	1,117,047
Gearing ratio		0%	0%

Note 17 Capital and Leasing Commitments

	Note	2016 $	2015 $
(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		228,760	224,042
— between 12 months and 5 years		942,177	940,241
		1,170,937	1,164,283

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 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

	2016 $	2015 $
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 19 Cash Flow Information

	2016 $	2015 $
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
(Loss)/Profit after income tax	150,521	269,690
Non-cash flows in profit		
Amortisation	37,824	25,823
Depreciation	50,733	41,862
Net (gain)/loss on disposal of investments	(7,873)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(27,748)	16,673
(Increase)/decrease in prepayments	16	(3)
Increase/(decrease) in trade payables and accruals	(20,302)	(11,913)
Increase/(decrease) in taxes payable	(32,735)	87,004
Increase/(decrease) in deferred taxes payable	(1,645)	17,331
Increase/(decrease) in provisions	(5,067)	(25,642)
Increase/(decrease) in employee entitlements	10,916	(25,944)
Cash flows from operating activities	154,640	394,880

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

(a) Transactions with related parties:

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 ended and shareholdings of those directors and related entities are as follows:

	2016 # Shares	2015 # Shares
Paul Vertullo	50,500	50,500
Ewald Gerhard (Garry) Kuppe	15,000	15,000
Paul James Wraith	59,900	59,900
John Ronald Hooton	6,000	6,000
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 $28,800

	Gross Remuneration	
	2016 $	2015 $
Key Management Personnel	196,397	167,712

Note 22 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

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

	Note	2016 $	2015 $
Financial Assets			
Cash and cash equivalents	7	858,422	900,356
Loans and receivables	8b	215,718	187,970
Total Financial Assets		1,074,140	1,088,326
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12	127,822	148,124
— Borrowings	13	65,114	47,464
Total Financial Liabilities		192,936	195,588

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 entity is exposed to through its financial instruments are liquidity risk and interest rate margin risk .

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 operating, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	127,822	148,124					127,822	148,124
Chattel Mortgage Liabilities	19,045	19,724	46,069	27,740			65,114	47,464
Total contractual outflows	146,867	167,848	46,069	27,740	-	-	192,936	195,588
Less bank overdrafts							-	-
Total expected outflows	146,867	167,848	46,069	27,740	-	-	192,936	195,588

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	858,422	900,356					858,422	900,356
Trade, term and loans receivables	214,718	186,970	1,000	1,000			215,718	187,970
Total anticipated inflows	1,073,140	1,087,326	1,000	1,000	-	-	1,074,140	1,088,326
Net (outflow) / inflow on financial instruments	926,273	919,478	(45,069)	(26,740)	-	-	881,204	892,738

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.

	Note	2016		2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	7	858,422	858,422	900,356	900,356
Trade and other receivables:					
- unrelated parties - trade and term receivables	8	215,718	215,718	187,970	187,970
Total trade and other receivables	8	215,718	215,718	187,970	187,970
Total financial assets		1,074,140	1,074,140	1,088,326	1,088,326
Financial liabilities					
Trade and other payables	12	127,822	127,822	148,124	148,124
Chattel Mortgage		65,114	65,114	47,464	47,464
Total financial liabilities		192,936	192,936	195,588	195,588

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.

Note 23 Company Details

The registered office of the company is:
Paradise Point Financial Services Ltd
Shops 3 & 4, 42 The Esplanade Paradise Point QLD 4216

The principal place of business is:
Paradise Point Financial Services Ltd
Shops 3 & 4,42 The Esplanade Paradise Point QLD 4216

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PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 93(
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 of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity , Statement of Cash Flows and Notes to the Financial Statements are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2016 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 ____________________
Paul Vertullo

Dated this 26th day of September 2016

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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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.

HEAD OFFICE:
t: +61 (0)7 5580 4700 t: 1300 028 348 (domestic)
p: PO Box 1463 Oxenford Queensland 4210 Australia
a: 4 Helensvale Road Helensvale Queensland 4212 Australia
e: info@wpias.com.au
w: www.wpias.com.au WPIAS a Limited Partnership
WPIAS Pty Ltd ABN 99 163 915 482
An Authorised Audit Company
CPA
Liability limited by a scheme approved under Professional Standards Legislation
GOLD COAST | BRISBANE | SYDNEY | MELBOURNE | PERTH

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

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

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 2016 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.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

4 Helensvale Road
Helensvale Qld 4212

Dated this 26th day of September 2016

Notes:

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

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

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

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

Bendigo Bank

bendigobank.com.au