

Annual Report 2017

Paradise Point Financial Services Ltd

Paradise Point **Community Bank**[®]
Branch, Upper Coomera and Ormeau
branches

ABN 33 095 686 936



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CHAIRMAN'S REPORT

Dear Shareholders,

It is with great pleasure that once again I present the Annual Report of Paradise Point Financial Services Limited. The 2016/17 financial year has been an outstanding year for our **Community Bank®** company. Our business has been growing, the number of customers has been increasing and our partners Bendigo Bank have been continuously rated best bank for customer service and customer satisfaction. We are supporting more organisations with donations and sponsorships and we have a very committed staff passionate about the **Community Bank®** model. Our three branches are all performing well with Managers and staff committed to offer the best possible service to our customers and to grow our company's business. We have a great Board with all Directors contributing the best of their abilities.

Dividends

It is my pleasure to inform you that once again the Directors are recommending a fully franked dividend of \$0.20 per share for the 2016/17 financial year. This recommended dividend brings the total dividend to \$1.46 since our company commenced trading.

Donations and Sponsorships

During the financial year we have maintained, and in some instances, increased sponsorships and donations. In this Annual Report, you will find a list of organisations we are supporting. To date we have donated in excess of \$1.7 million to our communities. We are grateful to our staff for regularly donating their time, usually on the weekends, to attend events we are sponsoring and continually promoting Bendigo Bank, our branches, and the **Community Bank®** model. It is at these events that most relationships are established and new business is generated.

Our Relationship with Bendigo Bank

Bendigo Bank **Community Bank®** Branches Australia-wide have donated \$165 million to their communities. As Directors of your **Community Bank®** company, our major concern is to ensure the company generates sufficient profits to justify your investment, maintain your confidence and be able to support many community organisations. We are focussed in maintaining, and if possible, increasing our share of profits. We have a strong relationship with relevant Bendigo Bank Executives, whom we regularly voice our opinion to, quite often in a robust manner, in order to protect our shareholders' interests.

Our Employees

A big thank-you to all our staff. Our company's success is primarily due to our staff's performance. The Board is very grateful for their commitment and dedication to the **Community Bank®** model. Our long-term Branch Managers, Alana Baulch at Upper Coomera and Kristy Battista at Ormeau, are very capable professionals, always looking at establishing new business relationships with potential new customers. In November 2016, our then Senior Manager, Ian Johnston, resigned. Ian had been with our company for almost 15 years. He was instrumental in making our Paradise Point **Community Bank®** Branch one of the top **Community Bank®** branches in Queensland. Our new Senior Manager, Tony Jensen, has been a long-term Bendigo Bank employee. Tony managed the Southport Bendigo Bank branch from 2008, he was then appointed Regional Manager for the North Queensland region and then Regional Manager for North Sydney **Community Bank®** branches. He is now back on the Gold Coast with his young family and we look forward to a long association with Tony. If you have not met him, please call into the Paradise Point **Community Bank®** Branch and make yourself known, Tony is very eager to meet our shareholders.

The Future

The Board, together with our Managers, have a vision of making Paradise Point Financial Services Limited Australia's premier **Community Bank®** company. In order to achieve our vision, we have established a very strong relationship with like-minded organisations, we have implemented strategies to increase our customer base and we have a committed Board and management team. We also intend to avail ourselves of Bendigo Bank expertise and advice in order to achieve the best outcomes for our **Community Bank®** company.

You our shareholders

The Board believes that our shareholders should be the company's most valuable ambassadors. Are you telling your relatives, friends and your acquaintances about all the good your **Community Bank®** branch does in the community? Are you encouraging them to become customers of your bank? Are you telling them that your **Community Bank®** branch offers the same products as other banks but with better service, and great benefits to your community? Are you doing all your banking business with your **Community Bank®** branches? We need your support to make Paradise Point Financial Services Limited the premier **Community Bank®** company in Australia.

In closing, I trust you find this Annual Report satisfactory, and I thank you for your confidence and support.

Mr Paul Vertullo
Chairman

SENIOR MANAGER'S REPORT



It is my pleasure to become the custodian of what is a great business as the Senior Manager of Paradise Point Financial Services Limited. I have inherited a business which is in great shape and I commend my predecessor Ian Johnston for the foundations he has achieved during his long tenure. I have personally arrived with 11 years of experience with Bendigo and Adelaide Bank and a passion for the **Community Bank®** model. I anticipate I can apply my skills and experience I have gathered to build a bigger and better business and in turn build on the prosperity of the communities in which we operate.

We have some ambitious goals to grow the business across our three locations over the next 12 months and beyond in conjunction with our Board of Directors we have built a strategic plan to execute over the coming years.



The impact and value across many of our cherished community relationships presents us an enormous opportunity with over 141 community groups and causes supported since we opened the doors in 2001. Helping these partners realise the outcomes we can achieve through collaboration for mutually beneficial outcomes will grow our business and build on our community investments which currently stands at over \$1.7 million.

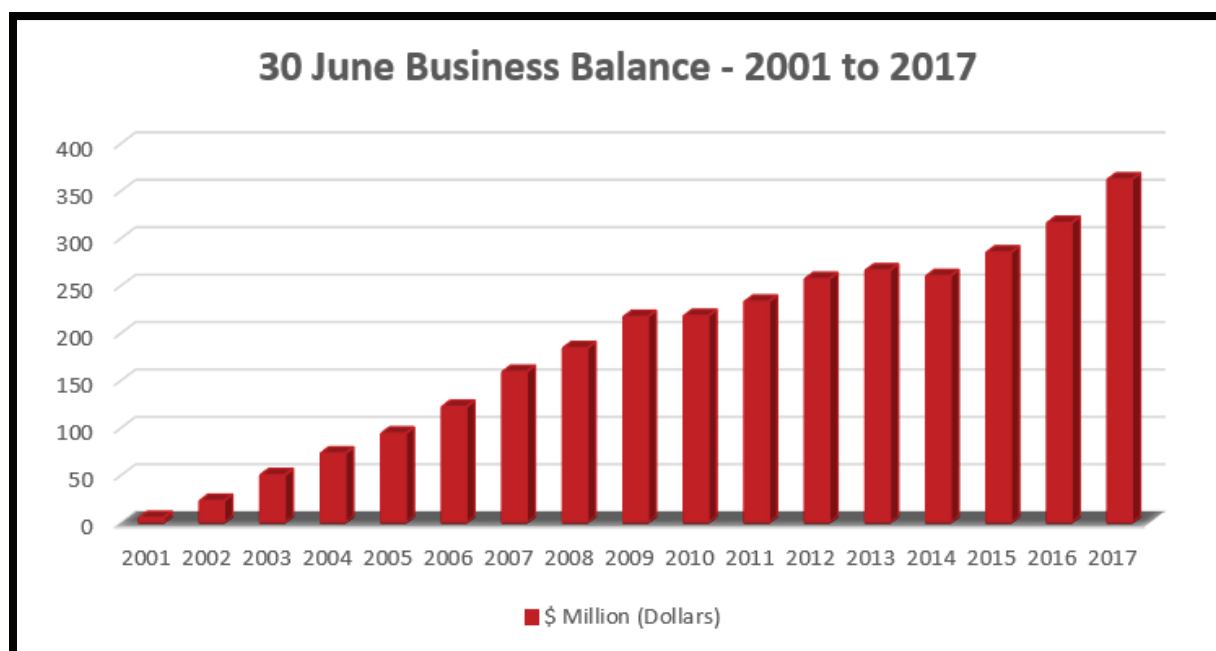
Our goal to grow our business and acquire more customers is strategically set to be more targeted through a marketing strategy aimed at our key markets identified across Paradise Point, Ormeau and Upper Coomera.

With long serving staff and Managers Kristy Batista at Ormeau and Alana Baulch at Upper Coomera, both businesses have achieved great results. Within the 2017/18 financial year the contribution margin will remain a focus with specific strategies to be implemented for each market we are placed and we are confident business growth will continue into the future.

Our business has a passion for our people and our focus of retaining and supporting our team members by ensuring our business is a great place to work and opportunities to grow professionally remains a strategic priority.

Our business performance for the financial year is another good story to share. Across our three branches we achieved \$45.8 million in total business growth a credible 14.5% increase, taking the business to total business footings of \$362 million. Our 2016/17 financial year business growth was comprised of \$16.8 million in loans and \$28.2 million in deposits. With our branches being geographically placed within what is regarded as the residential growth corridor of Australia, combined with the buoyant sentiment across the Gold Coast, we have commenced the new fiscal year with confidence.

The visual aspect of what has been achieved this year and over our operating history is demonstrated by the following graph.



I thank our **Community Bank®** company Board of Directors for their support in backing our staff who are constantly engaging with the community in 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 Darren Kidd (Customer Relationship Managers), Jess Dimatulac (Customer Service Supervisor), Clive Onley, Bronte Sly, Bree Noormahomed and Ragan Warren (Customer Service Officers)

Upper Coomera

Alana Baulch (Manager), Brittany Von Mengersen (Customer Relationship Manager) Amanda Holmes and Jenny Daniels (Customer Relationship Officers), Janelle Herne, Brodie Lunney and Aleks Martin (Customer Service Officers)

Ormeau

Kristy Batista (Manager), Emily Wells (Customer Relationship Officer), Tracy Webster, Judi Gardiner (Customer Service Officers).

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.

As a customer of Paradise Point **Community Bank®** Branch, you're a powerful member of your local community.

Why? Because you make things happen. Great things. And all it takes is your banking.

When you choose to bank with us, it sets in train a cycle that results in great outcomes in your local community.

And that's pretty powerful.

Tony Jensen
Senior Manager

DONATIONS AND SPONSORSHIP RECIPIENTS 2016/2017

Paradise Point:

- Australian Trade Industry College – Student Assistance
- Schools Eisteddfod Gold Coast – Youth Education
- Cyclone Debbie Recovery Appeal
- Gold Coast North Chamber of Commerce
- Griffith University Institute for Glycomics – Cancer Research
- Griffith University School of Business – Education
- Hopewell Hospice Services - Paradise Kids
- Mater Miracles Easter Appeal
- Northern Collegiate Australian Business Week
- Paradise Point Bowls Club - Ladies
- Paradise Point Sailing Club
- Park Ridge Active Riding Group
- Rotary Club of Runaway Bay – Mental Health Symposium
- Rotary Club of Runaway Bay – New Born Babies
- Runaway Bay Junior Rugby League Football Club - Seagulls
- Runaway Bay Soccer Club - Bayhawks
- St Francis Xavier School – Trivia Night & Long Lunch 201 Event
- Starting Strong Inc – Youth Care
- Teenage Adventure Camps – Youth Care
- The Arts Centre, Gold Coast – The Adventures of Peter Pan & Tinker Bell

Upper Coomera:

- Artists Envision Health Inc
- Cancer Council Qld – North Gold Coast Relay for Life
- Coomera Cubs Baseball Club
- Highland Reserve School P&C 'Highland Fling Event
- Mater Miracles Easter Appeal
- Nerang & District Equestrian Centre Dressage Club
- Northern Collegiate Australian Business Week
- Oxenford & Coomera Community Youth Centre
- Oxenford Men's Shed
- Rotary Club of Coomera Valley – Xmas Carols & ANZAC Parade
- The Coomera Australian Football Club - Magpies Jnr & Snr

Ormeau:

- Danclements
- Gold Coast Inclusive Sport
- Highway Christian Church – Xmas Carols
- Humpty Dumpty Foundation
- Mater Miracles Easter Appeal
- My Ormeau Inc
- Norfolk Village State School
- Ormeau All Stars Football Club
- Ormeau Bulldogs Junior Australian Football Club
- Ormeau Cricket Club
- Ormeau Lions – Ormeau Fair
- Ormeau Royals Netball Club
- Ormeau Scout Group
- Ormeau Shearers Jnr Rugby League
- Ormeau State School

PARADISE POINT FINANCIAL SERVICES LTD

ABN: 33 095 686 936

**Financial Report For The Year Ended
30 June 2017**

PARADISE POINT FINANCIAL SERVICES LTD

ABN: 33 095 686 936

Financial Report For The Year Ended 30 June 2017

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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 2017.

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 report:

Paul Vertullo appointed (6/04/2001)
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 resigned (15/09/2017)
Nicholas Mathers resigned (15/09/2017)
Martin Mankowski appointed (26/04/2016)

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

Principal Activities

The principal activities of the company during the financial year were facilitating community Bank Services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations.

The profit of the company for the financial year after provision for income tax was \$442,609 (2016: \$150,521).

Dividends Paid or Recommended

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

- Interim ordinary dividend of 20c per share paid on 15 November 2016	\$124,950
- Final ordinary dividend of 20c per share recommended by the Directors on 29 August 2017 to be paid out of retained profits as at 30 June 2017	\$124,950

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events Since the End of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environment Regulation

The company is not subject to any significant environmental regulation.

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 the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and is attached to this report.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
DIRECTORS' 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
Qualifications	—	Real Estate Agent, Auctioneer
Experience	—	Director of National Company, 15year Director of Publicly listed company - PPFS,
Special Responsibilities	—	Chairman
Lesley Woodford-Carr	—	Lawyer
Qualifications	—	Diploma Law Solicitors Admission Board - Supreme Court of NSW, Admitted Practice NSW,QLD & High Court of Australia, Associate Diploma of Insurance - Insurance Institute and Practice Management Certificate NSW and QLD.
Experience	—	Judges Associate District Court of NSW to His Honour Judge Godfrey Smith. Legal Clerk at Ebsworth & Ebsworth Solicitors. Australian Operations Claims Manager at QBE Insurance Ltd. Fiduciary Duties Committee NSW as representative from insurance industry. Australian Operations Workers Compensation Underwrite at QBE Insurance. Workers Compensation Underwriter, Australia, Switzerland General Insurance. Training in global insurance programs and reinsurance, Switzerland General Insurance Zurich. Switzerland General Corporate Solicitor and Principal of inhouse Legal Department. Senior Associate for Dunhill Madden Butler Solicitors (now Deacons) Insurance Division. Principal at Woodford-Carr & Associates, Solicitors. Company Secretary at Bayview Harbour Yacht Squadron Pty Ltd. Director/secretary of other Private Companies with miscellaneous activities.
Special Responsibilities	—	Company Secretary, Deputy Chair and Sponsorship Committee Chair.
Ewald Gerhard Kuppe	—	Businessman
Qualifications	—	Marine Engineering, Petty Officer, RAN for 7 years. Chemical Engineering for Shift Forman ICI Australia. Licensed Real Estate Agent & Proprietor in Sydney. JP in NSW. Accounts Manager for Paradise Lakes Nursing Centre. Company Director of various companies in Sydney. Travel Agency Proprietor in Sydney. Bookkeeping for Trust Accounts for Real Estate Agents. Commissioner for Declarations QLD. Member of QLD Justices Association. Property Investor.
Experience	—	Director PPFS since 2004
Special Responsibilities	—	Sponsorship Committee
Paul James Wraith	—	Retired Businessman
Qualifications	—	3 years U/Q Electrical Engineering Radio technology 1/ICS, Busienss Owner
Experience	—	36 years Business Owner Civil Contracting
Special Responsibilities	—	Marketing Committee
Nicole Hintz	—	Real Estate Agent
Leslie William Forster	—	Builder
Qualifications	—	Software Engineering (HND), Electronic Engineering (HND)
Experience	—	Appointed Director in 2015. Experience in Security Architeture for NAB, ANZ, Westpac and
Special Responsibilities	—	Member of the sponsorship committee
Nicholas Mathers	—	IT Consultant
Qualifications	—	Account Executive
Experience	—	25 years Sales Experience (19 years with Large Multinational Organisations)
Special Responsibilities	—	Marketing Committee
Martin Mankowski	—	Retired Accountant
Qualifications	—	UK: Bsc Eng (Hons), MBA, CEng, ACMA
Experience	—	Engineering, Accounting, Consulting
Special Responsibilities	—	Financial Controller, Also Director RRtek & Wavebreak; Accountant for Founders Forum &

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

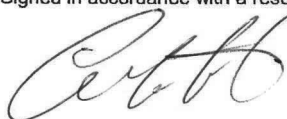
PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
DIRECTORS' REPORT

	Directors' Meetings (including Committees)	
	Number eligible to attend	Number attended
Paul Vertullo	14	14
Lesley Woodford-Carr	14	12
Ewald Gerhard Kuppe	14	12
Paul James Wraith	14	14
Nicole Hintz	14	4
Leslie William Forster	14	7
Nicholas Mathers	14	14
Martin Mankowski	14	12

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 2017



DICKFOS DUNN ADAM
AUDIT AND ASSURANCE

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

DICKFOS DUNN ADAM PTY LTD
Authorised Audit Company No. 432038

TRACEY ADAM
DIRECTOR

Dated this 26th day of September 2017

22 Garden Street
Southport Qld 4215



Registered Company Auditors - Tracey Adam, Gavin Dunn
Liability limited under a scheme approved under Professional Standards Legislation

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 2017

	Note	2017 \$	2016 \$
Revenue	2	2,804,408	2,488,561
Other income	2	7,941	12,623
Employee benefits expense		(1,171,387)	(1,287,753)
Charitable Donations, sponsorships, advertising and promotion		(165,154)	(226,145)
Occupation and associated costs		(305,036)	(290,166)
Finance costs	3	(184)	(65)
Depreciation and amortisation expense		(68,411)	(88,557)
General administration expenses		(477,406)	(383,744)
Loss on disposal of motor vehicles		(6,957)	-
Profit before income tax		617,814	224,753
Tax expense	4	(175,205)	(74,233)
Net (Loss)/Profit for the year		442,609	150,521
Other comprehensive income:			
Total other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		442,609	150,521

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 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,222,296	858,422
Trade and other receivables	8	275,046	214,718
Other assets	11	39,924	5,012
TOTAL CURRENT ASSETS		<u>1,537,266</u>	<u>1,078,153</u>
NON-CURRENT ASSETS			
Trade and other receivables	8	1,000	1,000
Property, plant and equipment	9	282,269	345,912
Intangible assets	10	12,233	41,812
Other non-current assets	11	24,412	-
TOTAL NON-CURRENT ASSETS		<u>319,914</u>	<u>388,723</u>
TOTAL ASSETS		<u><u>1,857,179</u></u>	<u><u>1,466,876</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	158,625	127,822
Borrowings	13	10,940	19,045
Current tax liabilities	14	85,444	17,860
Provisions	15	57,919	33,993
TOTAL CURRENT LIABILITIES		<u>312,927</u>	<u>198,720</u>
NON-CURRENT LIABILITIES			
Borrowings	13	4,722	46,069
Deferred tax liabilities	14	25,876	18,619
Provisions	15	25,261	32,735
TOTAL NON-CURRENT LIABILITIES		<u>55,859</u>	<u>97,424</u>
TOTAL LIABILITIES		<u>368,787</u>	<u>296,144</u>
NET ASSETS		<u><u>1,488,392</u></u>	<u><u>1,170,733</u></u>
EQUITY			
Issued capital	16	608,450	608,450
Retained earnings		879,942	562,283
TOTAL EQUITY		<u>1,488,392</u>	<u>1,170,733</u>

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 2017

	Note	Share Capital		Total
		Ordinary	Retained Earnings	
		\$	\$	\$
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, and other transfers				
Dividends recognised for the year	6		(96,836)	(96,836)
Total transactions with owners and other transfers		-	(96,836)	(96,836)
Balance at 30 June 2016		608,450	562,282	1,170,732
Balance at 1 July 2016		608,450	562,282	1,170,732
Comprehensive income				
Profit for the year			442,610	442,610
Total comprehensive income for the year		-	442,610	442,610
Transactions with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	6		(124,950)	(124,950)
Total transactions with owners and other transfers		-	(124,950)	(124,950)
Balance at 30 June 2017		608,450	879,942	1,488,392

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 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,943,002	2,696,021
Payments to suppliers and employees		(2,324,511)	(2,469,478)
Interest received		12,723	19,169
Finance costs		(184)	(65)
Income tax paid		(110,609)	(91,007)
Net cash provided by/(used in) operating activities	19a	520,421	154,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other non-current assets		36,963	24,600
Purchase of Intangible Assets		-	(35,554)
Purchase of property, plant and equipment		(19,109)	(59,829)
Net cash provided by/(used in) investing activities		17,854	(70,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(49,451)	(28,955)
Dividends paid		(124,950)	(96,836)
Net cash provided by/(used in) financing activities		(174,401)	(125,791)
Net increase/(decrease) in cash held		363,874	(41,934)
Cash and cash equivalents at beginning of financial year		858,422	900,356
Cash and cash equivalents at end of financial year	7	1,222,296	858,422

The accompanying notes form part of these financial statements.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

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 accrual 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 for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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: (i) a legally enforceable right of set-off exists; and (ii) 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 leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company 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.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	3%
Plant and equipment	7.5% - 50%
Furniture and Fittings	6.67% - 40%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are 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 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.

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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) Intangible Other than Goodwill

Franchise Fee

Franchise fees and other upfront payments have been initially recorded at cost and amortised on a straight line basis based on the period covered.

(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.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company - margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

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Margin

Margin is arrived at through the following calculation:

- * Interest paid by customers on loans less interest paid to customers on deposits
- * plus any deposits returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- * minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

Fee Income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change of the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between Community Bank® companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the Community Bank® model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

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(l) 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 the 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. Apart from 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.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements 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.

(q) Economic Dependency

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases, or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank® branch/es franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- * advice and assistance in relation to the design, layout and fit out of the Community Bank® branch/es
- * training for the branch manager and other employees in banking, management systems and interface protocol
- * methods and procedures for the sale of products and provision of services
- * security and cash logistic controls
- * calculation of company revenue and payment of many operating and administrative expenses
- * the formulation and implementation of advertising and promotional programs
- * sales techniques and proper customer relations

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Note 2 Revenue and Other Income

	Note	2017 \$	2016 \$
(a) Revenue from continuing operations			
Sales revenue			
— sale of goods		-	-
— provision of services		2,697,615	2,335,209
Total sales revenue		2,697,615	2,335,209
Other revenue			
— interest received		21,376	19,185
— other revenue		85,417	134,167
Total other revenue		106,793	153,352
Total sales revenue and other revenue		2,804,408	2,488,561
Other income			
— gain on disposal of non-current assets		-	7,873
— other income		7,941	4,750
Total other income		7,941	12,623
Interest revenue from:			
— other corporations		21,376	19,185
Total interest revenue on financial assets not at fair value through profit or loss		21,376	19,185
(b) Total revenue and other income from continuing operations		2,812,349	2,501,184
(c) Income from continuing operations and discontinued operations		2,812,349	2,501,184

Note 3 (Loss)/Profit for the Year

	Note	2017 \$	2016 \$
(a) Expenses			
Interest expense on financial liabilities not at fair value through profit or loss:			
— Unrelated parties		184	65
Total interest expense		184	65
Employee benefits expense			
— Employee benefit expense		1,171,387	1,287,753

Note 4 Tax Expense

	Note	2017 \$	2016 \$
(a) The components of tax (expense) income comprise:			
Current tax		167,949	75,876
Deferred tax	14	7,257	(1,645)
		175,205	74,231
(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 27.5% (2016: 30%)		169,899	67,426
		169,899	67,426
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		3,259	3,555
— non-allowable items		2,047	3,250
		175,205	74,232
Income tax attributable to entity		175,205	74,232
The applicable weighted average effective tax rates are as follows:		28.4%	33.0%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 5 Auditor's Remuneration

	2017 \$	2016 \$
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	7,700	8,500
	<u>7,700</u>	<u>8,500</u>

Note 6 Dividends

	2017 \$	2016 \$
(a) Distributions paid		
Interim fully franked ordinary dividend of 20 cnets per share (2016: 15.5 cents per share) franked at the tax rate of 27.5% (2016: 30%)	124,950	96,836
	<u>124,950</u>	<u>96,836</u>
Proposed final 2017 fully franked ordinary dividend of 20 cents per share franked at the tax rate of 27.5%.	124,950	-
	<u>124,950</u>	<u>-</u>
(b) Franking account balance		
	2017 \$	2016 \$
Franking credits available for subsequent reporting periods are:		
— franking account balance as at the end of the financial year	269,833	220,328
franking credits that will arise from payment of income tax as at the end of the financial year	107,582	91,007
— franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	(47,395)	(41,501)
Franking credits available for future financial reporting periods:	<u>330,020</u>	<u>269,833</u>
franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	<u>330,020</u>	<u>269,833</u>

Note 7 Cash and Cash Equivalents

	2017 \$	2016 \$
Cash at bank and on hand	1,222,296	858,422
	<u>1,222,296</u>	<u>858,422</u>
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	1,222,296	858,422
	<u>1,222,296</u>	<u>858,422</u>

Note 8 Trade and Other Receivables

	2017 \$	2016 \$
CURRENT		
Trade receivables	275,046	214,718
	<u>275,046</u>	<u>214,718</u>
Total current trade and other receivables	<u>275,046</u>	<u>214,718</u>
NON-CURRENT		
Trade receivables	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Total non-current trade and other receivables	<u>1,000</u>	<u>1,000</u>

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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.

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 entity 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.

	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2017							
Trade and term receivables	211,115	-	-	-	-	-	211,115
Other receivables	1,000	-	-	-	-	-	1,000
Total	212,115	-	-	-	-	-	212,115
	Gross Amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2016							
Trade and term receivables	214,718	-	-	-	-	-	214,718
Other receivables	1,000	-	-	-	-	-	1,000
Total	215,718	-	-	-	-	-	215,718

(a) **Collateral Held as Security**

No financial assets have been pledged as security for debt.

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

Trade and other Receivables

— Total Current

— Total Non-Current

Total trade receivables that are financial assets

Note

2017 \$	2016 \$
275,046	214,718
1,000	1,000
<u>276,046</u>	<u>215,718</u>
<u>276,046</u>	<u>215,718</u>

(c) **Collateral Pledged**

No collateral is held over trade receivables.

Note 9 Property, Plant and Equipment

PLANT AND EQUIPMENT

Plant and equipment:

At cost

Accumulated depreciation

Leasehold improvements

At cost

Accumulated amortisation

Motor Vehicles

Cost

Accumulated Depreciation

Total plant and equipment

Total property, plant and equipment

2017 \$	2016 \$
639,307	628,919
(385,455)	(358,453)
<u>253,852</u>	<u>270,466</u>
8,720	-
(154)	-
<u>8,566</u>	<u>-</u>
40,918	101,194
(21,068)	(25,748)
<u>19,850</u>	<u>75,446</u>
<u>282,269</u>	<u>345,912</u>
<u>282,269</u>	<u>345,912</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(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.

	Leasehold Improvements \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2015	-	254,485	52,844	307,328
Additions	-	45,767	60,276	106,043
Disposals	-	-	(16,727)	(16,727)
Depreciation expense	-	(29,786)	(20,947)	(50,733)
Balance at 30 June 2016	-	270,466	75,446	345,912
Additions	8,720	10,388	-	19,109
Disposals	-	-	(43,920)	(43,920)
Depreciation expense	(154)	(27,002)	(11,676)	(38,832)
Balance at 30 June 2017	8,566	253,852	19,850	282,269

(b) Capitalised Finance Costs

	2017 \$	2016 \$
Borrowing costs incurred	1,170	1,739
Borrowing costs capitalised	1,170	1,739

Note 10 Intangible Assets

	2017 \$	2016 \$
Franchise fees at cost	125,867	125,867
Franchise establishment fees at cost	277,800	277,800
Accumulated Depreciation	(391,816)	(362,722)
Net carrying amount	11,851	40,945
I.T Software at cost	30,491	30,491
Accumulated Amortisation	(30,491)	(30,491)
Net carrying amount	-	-
Borrowing Costs	1,170	1,739
Accumulated Amortisation	(789)	(873)
Net carrying amount	381	866
Total intangible assets	12,233	41,812

(a) Movements in Carrying Amounts

Year ended 30 June 2016

	Franchise Fees \$	I.T Software Costs \$	Borrowing Costs \$
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

Year ended 30 June 2017

	Franchise Fees \$	I.T Software Costs \$	Borrowing Costs \$
Balance at the beginning of year	40,945	-	866
Amortisation charge	(29,094)	-	(485)
Closing value at 30 June 2017	11,851	-	381

Intangible assets, other than goodwill, 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

	2017 \$	2016 \$
CURRENT		
Prepayments	39,924	5,012
	39,924	5,012
NON-CURRENT		
Prepayments	24,412	-
	24,412	-

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 12 Trade and Other Payables

		2017 \$	2016 \$
CURRENT	Note		
Unsecured liabilities			
Sundry payables and accrued expenses		158,625	127,822
		<u>158,625</u>	<u>127,822</u>
	Note	2017 \$	2016 \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		158,625	127,822
Total trade and other payables that are financial liabilities	22	<u>158,625</u>	<u>127,822</u>

Note 13 Borrowings

		2017 \$	2016 \$
CURRENT	Note		
Unsecured liabilities			
Chattel Mortgage		10,940	19,045
		<u>10,940</u>	<u>19,045</u>
Total current borrowings		<u>10,940</u>	<u>19,045</u>
NON-CURRENT			
Unsecured liabilities			
Chattel Mortgage		4,722	46,069
		<u>4,722</u>	<u>46,069</u>
Total non-current borrowings		<u>4,722</u>	<u>46,069</u>
Total borrowings	22	<u>15,662</u>	<u>65,114</u>

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

Note 14 Tax Balances

	2017 \$	2016 \$
CURRENT (ASSETS)/LIABILITIES		
Income tax payable	85,444	17,860
	<u>85,444</u>	<u>17,860</u>
	Opening Balance \$	Charged to Income \$
NON-CURRENT LIABILITIES		Closing Balance \$
Deferred tax liabilities		
Property, plant and equipment		
- tax allowance	45,086	(2,692)
Provisions	(23,302)	(934)
Other	(1,520)	1,981
Balance as at 30 June 2016	<u>20,264</u>	<u>(1,645)</u>
Property, plant and equipment		
- tax allowance	42,394	(1,525)
Provisions	(24,236)	84
Other	461	8,698
Balance as at 30 June 2017	<u>18,619</u>	<u>7,257</u>

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

- temporary differences \$Nil (2016: \$Nil)
- tax losses: operating losses \$Nil (2016: \$Nil)
- tax losses: capital losses \$Nil (2016: \$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.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 15 Provisions

CURRENT	2017 \$	2016 \$
Employee Benefits		
Opening balance at beginning of year	30,199	29,490
Additional provisions raised during year	22,698	709
Balance at end of the year	52,897	30,199
Other		
Opening balance at beginning of year	5,834	5,834
Unused amounts reversed	(5,067)	(5,067)
Balance at end of the year	767	767
Provision for Fringe Benefits Tax	4,255	3,027
Total	57,919	33,993
NON-CURRENT	2017 \$	2016 \$
Employee Benefits		
Opening balance at beginning of year	32,735	22,529
Additional provisions raised during year	-	10,206
Unused amounts reversed	(7,473)	-
Balance at end of the year	25,261	32,735
Total	25,261	32,735

Analysis of Total Provisions

	2017 \$	2016 \$
Current	57,919	33,993
Non-current	25,261	32,735
	83,180	66,729

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

	2017 \$	2016 \$
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.

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank® branch have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less an expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

(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 2017 and 30 June 2016 are as follows:

	Note	2017 \$	2016 \$
Total borrowings	12, 13	174,287	192,936
Less cash and cash equivalents	7	(1,222,296)	(858,422)
Net debt		-	-
Total equity		1,488,392	1,170,733
Total capital		1,488,392	1,170,733
Gearing ratio		0%	0%

Note 17 Capital and Leasing Commitments

	Note	2017 \$	2016 \$
(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		225,764	228,760
— between 12 months and 5 years		940,241	942,177
		1,166,005	1,170,937

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that minimum lease payments shall be increased by the lower of the change in the consumer price index (CPI) or [insert percentage]% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years. The lease allows for subletting of all lease areas.

Note 18 Contingent Liabilities and Contingent Assets

	2017	2016
	\$	\$

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

	2017	2016
	\$	\$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
(Loss)/Profit after income tax	442,609	150,521
Non-cash flows in profit		
Amortisation	29,579	37,824
Depreciation	38,832	50,733
Net (gain)/loss on disposal of motor vehicles	6,957	-
Net (gain)/loss on disposal of investments	-	(7,873)
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	3,603	(27,748)
(Increase)/decrease in prepayments	(59,324)	16
Increase/(decrease) in trade payables and accruals	(33,127)	(20,302)
Increase/(decrease) in income taxes payable	67,584	(32,735)
Increase/(decrease) in deferred taxes	7,257	(1,645)
Increase/(decrease) in provisions	1,228	(5,067)
entitlements	15,225	10,916
Cash flows from operating activities	<u>520,422</u>	<u>154,639</u>

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) The Company's main related parties are as follows:

(b) Transactions with related 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:

The following transactions occurred with related parties:

	2017	2016
	# Shares	# 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 \$36,900

	Gross Remuneration	
	2017	2016
	\$	\$
Key Management Personnel	96,468	196,397

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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	2017 \$	2016 \$
Financial Assets			
Cash and cash equivalents	7	1,222,296	858,422
Loans and receivables	8b	276,046	215,718
Total Financial Assets		<u>1,498,342</u>	<u>1,074,140</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12	158,625	127,822
— Borrowings	13	15,662	65,114
Total Financial Liabilities		<u>174,287</u>	<u>192,936</u>

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	94,694	127,822					94,694	127,822
Chattel Mortgage Liabilities	10,940	19,045	4,722	46,069			15,662	65,114
Financial guarantees							-	-
Total contractual outflows	105,634	146,867	4,722	46,069	-	-	110,356	192,936
Less bank overdrafts							-	-
Total expected outflows	105,634	146,867	4,722	46,069	-	-	110,356	192,936

PARADISE POINT FINANCIAL SERVICES LTD ABN: 33 095 686 936
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	1,222,296	858,422					1,222,296	858,422
Trade, term and loans receivables	211,115	214,718	1,000	1,000			212,115	215,718
Total anticipated inflows	1,433,411	1,073,140	1,000	1,000	-	-	1,434,411	1,074,140
Net (outflow) / inflow on financial instruments	1,327,777	926,273	(3,722)	(45,069)	-	-	1,324,055	881,204

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 currency 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	2017		2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	7	1,222,296	1,222,296	858,422	858,422
Trade and other receivables:					
- unrelated parties - trade and term receivables	8	212,115	212,115	215,718	215,718
Total trade and other receivables	8	276,046	212,115	215,718	215,718
Total financial assets		1,498,342	1,434,411	1,074,140	1,074,140
Financial liabilities					
Trade and other payables	12	158,625	158,625	127,822	127,822
Chattel Mortgage		15,662	15,662	65,114	65,114
Total financial liabilities		174,287	174,287	192,936	192,936

- (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 Earnings per share

	2017	2016
	\$	\$
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	442,609	150,521
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	624,750	624,750

Note 24 Company Details

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

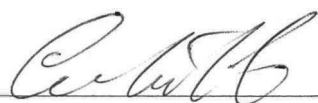
The principal place of business is:
Paradise Point Financial Services Ltd
Shops 3 & 4, 42 The Esplanade Paradise Point QLD 4216

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

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

1. the financial statements and notes, as set out on pages 5 to 24, 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 2017 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 2017



DICKFOS DUNN ADAM
AUDIT AND ASSURANCE

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 Audit of the Financial Report

Opinion

We have audited the financial report of Paradise Point Financial Services Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Paradise Point Financial Services Limited is in accordance with *the Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The company is a franchisee of Bendigo and Adelaide Bank Limited in respect of the operation of the community bank branch. The company therefore is bound by franchise agreements and income is calculated by Bendigo bank reporting systems to allocate revenue due to the company in line with the terms of the franchise agreements. The validation, including completeness and accuracy of the commission and revenue calculations in line with the franchise agreements are outside the scope of this audit.

The financial report of Paradise Point Financial Services Limited for the year ended 30 June 2016 were reviewed/audited by another auditor who expressed an unmodified opinion on the financial report on 26 September 2016.



Registered Company Auditors - Tracey Adam, Gavin Dunn
Liability limited under a scheme approved under Professional Standards Legislation

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control 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.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

PARADISE POINT FINANCIAL SERVICES LIMITED
ABN 33 095 686 936

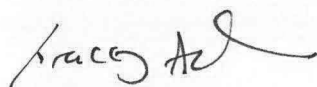
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PARADISE POINT FINANCIAL SERVICES LIMITED

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DICKFOS DUNN ADAM PTY LTD
Authorised Audit Company No. 432038



TRACEY ADAM
DIRECTOR

Dated this 28th day of September 2017

22 Garden Street
Southport Qld 4215

Notes:

Paradise Point **Community Bank**[®] Branch
42 The Esplanade, Paradise Point QLD 4216
Phone: 5577 4199 Fax: 5577 3944

Upper Coomera branch
Upper Coomera Shopping Centre, Upper Coomera QLD 4209
Phone: 5500 0496 Fax: 5500 0498

Ormeau branch
21 Peachey Road, Ormeau QLD 4208
Phone: 5549 1256 Fax: 5546 6915

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