

FuneralVest Limited

and Controlled Entities

ABN 61 154 640 310

Financial Statements

For the Year Ended 30 June 2016

FuneralVest Limited
and Controlled Entities

ABN 61 154 640 310

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30 June 2016

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**FuneralVest Limited
and Controlled Entities**

ABN 61 154 640 310

**Directors' Report
30 June 2016**

The directors present their report, together with the financial statements of the group, being FuneralVest Limited (**FuneralVest or the Company**) and its controlled entities (**the Group**), for the financial year ended 30 June 2016.

1. Information on directors

The directors of the Company are as follows:

Mr Brian Edwin Scullin	Non-Executive Director and Chairman (appointed 26 August 2013)
Ms Naomi Edwards	Non-Executive Director (appointed 15 August 2016)
Mr Peter Eric Dowding	Non-Executive Director (appointed 6 December 2011)
Mr Albin Kurti	Non-Executive Director (appointed 6 December 2011)
Mr Fraser Henderson	Non-Executive Director and Company Secretary (appointed 6 December 2011)

No shareholder of the Company holds 25 per cent or more of the Ordinary Shares of the Company, which would entitle such a shareholder to appoint a director to the board of FuneralVest.

A summary of the directors and officers background and expertise is set out below:

Mr Brian Scullin Non-Executive Director and Chairman

Mr Scullin is the current Chairman of Hastings Funds Management and the Tasmanian Development Board. He is a Non-Executive Director of Tasplan superannuation fund and Possability (a not for profit in the Tasmanian disability sector). He is a former Chairman of Spark Infrastructure Limited, BT Investment Management Limited and a former Non-Executive Director of Dexu Property Group and State Super Financial Services.

Mr Scullin has more than 20 years' experience in the funds management industry in both Australia and Asia. Following a career in the Federal Government and politics, Mr Scullin was appointed the Executive Director of the Association of Superannuation Funds of Australia in 1987. In 1993, Mr Scullin joined Bankers Trust, holding a number of senior positions, including President of Japan Bankers Trust. He was appointed Chief Executive Officer – Asia/ Pacific for Deutsche Asset Management in 1999. He retired from that full time position in 2002, although remained a Non-Executive Director of Deutsche Asset Management until June 2007.

Mr Scullin has held many industry positions including Vice Chair of the Financial Services Council (then known as IFSA), a part-time member of the Federal Government's Financial Reporting Council and a panel member for the Financial Industry Complaints Service.

Ms Naomi Edwards Non-Executive Director

Naomi Edwards joined the board of FuneralVest on 15 August 2016. Naomi is a professional company director who has chaired listed ASX companies, industry super funds and not-for-profits. An actuary by training, with an executive background in the financial services industry, Naomi has a strong reputation in the responsible investing industry, having sat on the boards of two ASX listed industry leaders – Australian Ethical Investments Limited and Hunter Hall Limited. Naomi is currently Independent Chair of \$8 billion industry super fund Tasplan Super and is a director of the Tasmanian Economic Development Board and the Australian Institute of Superannuation Trustees.

Prior to becoming a company director, Naomi was the partner in charge of Deloitte's Financial Services Industry Group based in Sydney. During this time she specialised in valuations for financial services industry mergers and acquisitions. She has a first class honours degree in mathematics from the University of Canterbury and is a Fellow of the Institute of Actuaries (London) as well as a Fellow of the Australian and New Zealand Institutes of Actuaries.

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Directors' Report 30 June 2016

1. Information on directors (continued)

Mr Peter Eric Dowding Non-Executive Director

Mr Dowding graduated from Nottingham University with an honours degree in civil engineering and also holds a Masters in Business Administration from the University of Bath. Peter has over 28 years' experience in private equity, including 12 years with Deutsche Asset Management (DB Capital Partners). In 2007, he co-led the management buy-out of the private equity business from Deutsche Bank. Peter has led several private equity fundraisings and, as fund manager of Deutsche Private Equity Fund I and Propel Private Equity Fund II, was responsible for managing the day to day affairs of both funds. He is well known and respected in the Australian private equity market and was chairman of the industry body, The Australian Private Equity & Venture Capital Association Limited (AVCAL), in 2005 and served on the AVCAL Council for six years.

Peter is currently a director of FuneralVest and its subsidiaries, Propel and the Clinical Oncology Society of Australia (a not for profit organisation). Peter was also a director of Bledisloe Group Holdings Limited (Bledisloe) until its sale to InvoCare Limited in June 2011. During that time Bledisloe was the second largest funeral services provider in Australia and the largest funeral services provider in New Zealand. He was previously a director of several companies including, among others, Bledisloe, AFIG (formerly Wizard Mortgage Corporation), Bayard Group (i.e. Landis+Gyr), MediHerb, International Parking Group, Pacific Nursing Solutions, AWT International, Baycorp Holdings and The PAS Group.

Mr Albin Kurti Non-Executive Director

Albin Kurti graduated from the University of Melbourne with a Bachelor of Commerce degree, in finance, economics and statistics, and holds a Masters in Business Administration from Victoria University of Technology. He commenced his career in the insolvency and corporate finance division of Arthur Andersen, where he qualified as a chartered accountant and worked in Melbourne and Brunei. He then joined Deutsche Asset Management (DB Capital Partners) in 2000. In 2007, he co-led the management buy-out of the private equity business from Deutsche Bank and co-founded Propel. Albin has led, co-led or been a key deal team member on a range of private equity transactions including AFIG (formerly Wizard Mortgage Corporation), International Parking Group, Marstel Terminals, Bayard Group (i.e. Landis+Gyr), Baycorp Holdings, IMO Car Wash Australasia and The PAS Group. Albin also played an important role in the sale of Bledisloe to InvoCare and the subsequent sale of InvoCare shares on market.

Albin is currently a director of FuneralVest, its subsidiaries and Propel. He was previously a director of several companies including, among others, International Parking Group, Marstel Terminals, Portfolio Management Group, Baycorp Holdings, The PAS Group, IMO Car Wash Australasia and was also an alternate director of Bayard Group (i.e. Landis+Gyr).

Mr Fraser Henderson Non-Executive Director and Company Secretary

Fraser Henderson is a graduate of the University of Newcastle-Upon-Tyne (LLB) and of the University of Sydney (LLM). He has a Diploma in Applied Corporate Governance (FCIS) and is a graduate of the Company Directors Course (GAICD). He spent 5 years in the private equity group of Minter Ellison (an international law firm) latterly as a Partner. Fraser joined Propel in March 2008. As a lawyer, Fraser specialised in private equity and M&A transactions. He first joined Minter Ellison in 2003 having worked with a leading international law firm, Ashurst, in London and Singapore. Fraser has extensive experience in private equity having acted for a number of domestic and offshore private equity houses and has also acted for Government of Singapore Investment Corporation and Intermediate Capital Group.

Fraser is currently a director of FuneralVest, its subsidiaries and Propel. He was previously a director of Hudson Building Supplies (until it was sold to Crane Group), The PAS Group (prior to listing) and IMO Car Wash Australasia (until it was sold to IMO Carwash Group). He was a key deal team member on the divestments of Landis+Gyr, Hudson Building Supplies, Marstel Terminals, IMO Car Wash Australasia, The PAS Group and Bledisloe.

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**Directors' Report
30 June 2016**

2. Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial period are:

	Number eligible to attend	Number attended
Mr Peter Eric Dowding	5	5
Mr Albin Kurti	5	5
Mr Fraser Henderson	5	5
Mr Brian Edwin Scullin	5	5
Ms Naomi Edwards	-	-

3. Principal activities

The principal activities of the Group during the financial year were the provision of death care related services in Australia.

No significant change in the nature of these activities occurred during the year.

4. Operating results

The Trading EBITDA of the Group for the year amounted to \$7,198,879 (2015: \$3,828,098). The consolidated profit of the Group for the year amounted to \$3,523,765 (2015: \$1,958,017).

5. Dividends paid or recommended

The Company paid no dividends during the year ended 30 June 2016 (2015: \$Nil) to its shareholders.

The option holder in Integrity Funeral Services Pty Limited (**IFS**) received an unfranked dividend from IFS of \$1,550 (2015: \$1,900) in accordance with the option deed to which he is party.

No other dividends have been declared or paid by the Company as at the date of this report.

6. Review of operations

FuneralVest is an unlisted public company which invests in businesses, properties, infrastructure and related assets in the death care industry which stand to benefit from the growing and ageing world population. As at the date of this directors' report, the Company owns long established providers of funeral services operating from 51 properties (34 freehold and 17 leasehold) across five states of Australia and in the Far North of New Zealand, including 11 crematoria and 5 cemeteries. The Company has appointed Propel Investments Pty Limited (the Manager) to, among other things, identify investment opportunities and manage those investments on its behalf.

**FuneralVest Limited
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**Directors' Report
30 June 2016**

6. Review of operations (continued)

During the year ended 30 June 2016, the Group:

- expanded in New South Wales, acquiring the funeral businesses, assets and freehold properties of:
 - Riverina Funerals (**RFS**) (located in Deniliquin, New South Wales);
 - WT Howard Funerals (**WTH**) (located in Taree and Tuncurry, New South Wales);
 - Burke and Hamilton Funerals, Lightfoot Funerals and Lincoln Grove Memorial Gardens (**TGFS**) (located in Tamworth and Gunnedah, New South Wales);
- entered Tasmania, acquiring the funeral businesses, assets and (where relevant) freehold properties of:
 - Millingtons Funerals (**MFS**), Millingtons Cemeteries (**MCS**) (located in Hobart, Tasmania);
 - Pinegrove Funerals and Mersey Gardens Crematorium (**DFS**) (located in Devonport, Tasmania);
 - Phillip Stevens Funeral Services (**PSFS**) (located in Hobart, Tasmania);
- expanded in Victoria, acquiring the funeral businesses, assets and freehold property of Handley Funerals (**HaFS**) (located in Leongatha, Victoria); and
- expanded in Queensland, acquiring the funeral businesses, assets and (where relevant) the freehold properties of Premier Funerals, Buderim Crematorium and Heritage Park Crematorium (**PFG**) (located in South East Queensland).

A summary of the Group's financial performance in 2016 and 2015 is set out below:

	2016	2015
	\$	\$
Revenue	22,304,697	10,853,544
Trading EBITDA**	7,198,879	3,828,098
Management fee paid	(745,771)	(565,402)
One off acquisition costs (expensed)	(719,039)	(187,693)
Depreciation	(861,059)	(366,605)
Interest received	238,639	294,368
Finance costs expensed	(733,017)	(217,052)
Profit before income tax	4,378,632	2,785,714
Income tax expense	(854,867)	(827,697)
Profit for the year	3,523,765	1,958,017

** EBITDA means earnings before interest, tax, depreciation and amortisation.

Trading EBITDA means EBITDA before one off acquisition costs and management fees.

At 30 June 2016:

- the Group's cash and cash equivalents (Cash) totalled approximately \$9.69 million;
- the Group's senior debt facilities were drawn down to approximately \$24.43 million; and
- the Manager remained actively engaged on various potential acquisition opportunities on the Group's behalf.

Directors' Report

30 June 2016

7. Significant changes in state of affairs

Significant changes in the state of affairs of entities in the Group during the year to 30 June 2016 were as follows:

- 4,733,042 of the '2015 Options' issued by the Company in December 2014, were exercised by the Option holders in accordance with their terms. This resulted in the Company raising \$7.62 million and the number of Ordinary Shares in the Company increasing to 30,432,486 (2015: 25,699,444).
- the Group established or acquired 12 new subsidiaries (including the New Zealand Funeral Properties Unit Trust and its trustee FV (NZ)) and acquired the businesses, assets and the freehold properties of RFS, HaFS, WTH, MFS, MCS, TGFS, PFG, DFS, PSFS and the units of the Mornington Crematorium Unit Trust (**MCUT**); and
- entered into Finance Agreements with Westpac Banking Corporation (**Westpac**) in connection with the acquisitions referred to above.

8. After balance date events

Since 30 June 2016 the Group:

- appointed Ms Edwards to the Board;
- raised \$16.18 million via the issue of unsecured fixed rate notes;
- acquired 100% of the issued share capital of Latrobe Valley Funeral Services Pty Ltd (**LVFS**) and its four associated freehold properties (located in the Latrobe Valley, Victoria);
- completed a refinancing with Westpac, which resulted in an increase to the Group's senior debt facility limits by \$9.95 million to \$34.37 million, of which \$5.60 million remains subject to shareholders approving the financial assistance associated with LVFS;
- processed earn out payments totalling approximately \$1.4 million;
- completed the acquisition of the business, assets and freehold properties of FW Barnes & Son Funerals (located in Ballarat, Victoria); and
- executed binding legal documentation to acquire the business and assets of Michael Hutchinson Funerals (located in Acacia Ridge, Queensland).

9. Future developments and results

The Group will continue to focus on managing its existing investments and completing new acquisitions and investments in the death care industry.

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

10. Environmental issues

The Group's operations are subject to environmental regulation under the laws in jurisdictions in which it operates. The Board continually reviews its obligations and monitors processes to ensure compliance with regulatory requirements.

**FuneralVest Limited
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**Directors' Report
30 June 2016**

11. Options over unissued shares

A subsidiary of the Company, IFS, has issued options over unissued ordinary shares in IFS (subject to certain performance hurdles) to an entity associated with the General Manager and Director of that company as follows:

As at the date of this report, IFS has issued the following options over unissued ordinary shares:

Grant Date	Vesting Date	Exercise Price	Number under Option
21 December 2011	21 December 2011	1.90	10,000
21 December 2011	21 December 2017	3.37	32,573
			<u>42,573</u>

'2017 Options' will vest if the EBITDA performance hurdle is met for the year ended 30 June 2017.

Unless otherwise agreed by IFS, none of the above options can be exercised until an exit event occurs. The options entitle the option holder to a share of dividends paid by IFS.

12. Indemnification and insurance of officers and auditors


The Company has agreed to indemnify the current directors of the Company (being Mr B Scullin, Mr P E Dowding, Mr A Kurti, Mr F Henderson and Ms N Edwards) against all liabilities to another person or entity (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year, the Company paid insurance premiums of \$4,000 in respect of directors' and officers' liability insurance contracts for current directors and officers, including executive officers of the Company and its controlled entities.

13. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the reporting period ended 30 June 2016 has been received and can be found on page 7 of the financial report.

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


Chairman:

Mr Brian Scullin


Director:

Mr Albin Kurti

Dated: 27 October 2016

The Board of Directors
FuneralVest Limited
Suite 4, Jones Bay Wharf
26-32 Pirrama Road
PYRMONT NSW 2009

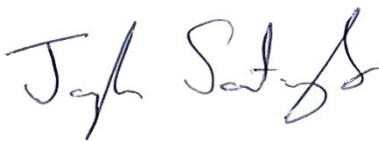
Dear Board Members,

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of FuneralVest Limited and controlled entities for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,



Joseph Santangelo
Partner



Nexia Sydney
Chartered Accountants

Sydney
27 October 2016

Sydney Office

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Independent Auditors' Report to the members of FuneralVest Limited

Report on the Financial Report

We have audited the accompanying financial report of FuneralVest Limited, which comprises the statement of financial position as at 30 June 2016, 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 of the Company and the consolidated entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of FuneralVest Limited, would be in the same terms if given to the directors as at the date of this auditor's report.

Sydney Office

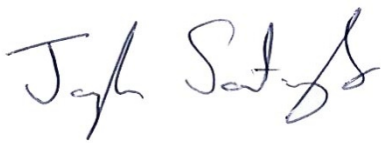
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Independent Auditors' Report to the members of FuneralVest Limited

Opinion

In our opinion the financial report of FuneralVest Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



Joseph Santangelo
Partner



Nexia Sydney
Chartered Accountants

Sydney

Dated:

27 October 2016

**FuneralVest Limited
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Directors' Declaration

In the directors' opinion:

1. The financial statements and accompanying notes set out on pages 11 to 47, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the economic entity's financial position as at 30 June 2016 and of its performance for the year ended on that date;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Chairman
Mr Brian Scullin



Director
Mr Albin Kurti

Dated: 27 October 2016

**FuneralVest Limited
and Controlled Entities**

ABN 61 154 640 310

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016**

		2016	2015
	Note	\$	\$
Revenue	2	22,304,697	10,853,544
Interest income	2	238,639	294,368
Rental income	2	107,189	15,760
Gain on disposal of assets	2	1,390	-
Net gain on undelivered prepaid contracts	10(a)	51,986	27,687
Other income	2	687,320	38,543
		<u>23,391,221</u>	<u>11,229,902</u>
Finished goods and consumables used	3	(7,136,028)	(3,349,088)
Employee costs		(6,098,714)	(2,482,503)
Finance costs	3	(733,017)	(217,052)
Depreciation and amortisation expense	3	(861,059)	(366,605)
Occupancy costs		(490,920)	(191,889)
Office expenses		(201,327)	(97,232)
Advertising expenses		(357,069)	(163,063)
Motor vehicle expenses		(293,119)	(146,684)
Management fees	25	(745,771)	(565,402)
Net loss on disposal of assets	3	(737)	(94)
Acquisition costs - stamp duty		(719,039)	(187,693)
Other expenses		(1,375,789)	(676,883)
Profit before income tax		4,378,632	2,785,714
Income tax expense	4(a)	(854,867)	(827,697)
Profit for the year		<u>3,523,765</u>	<u>1,958,017</u>
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		<u>3,523,765</u>	<u>1,958,017</u>

The accompanying notes form part of these financial statements.

**FuneralVest Limited
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**Statement of Financial Position
As At 30 June 2016**

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	9,688,969	12,809,164
Trade and other receivables	7	2,346,773	613,731
Prepayments	8	212,625	36,657
Inventories	9	868,498	277,351
Prepaid funds under management	10(b)	4,653,426	1,119,753
TOTAL CURRENT ASSETS		17,770,291	14,856,656
NON-CURRENT ASSETS			
Property, plant and equipment	11	28,389,536	11,877,241
Goodwill	12	33,530,075	12,186,125
Deferred tax assets	5(b)	824,141	260,049
TOTAL NON-CURRENT ASSETS		62,743,752	24,323,415
TOTAL ASSETS		80,514,043	39,180,071
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,534,362	1,064,106
Current tax liabilities	5(a)	328,822	640,121
Borrowings	14	3,345,406	22,708
Provisions	16	2,425,246	1,346,666
Employee benefits	15	1,312,569	213,737
Contract liabilities	10(c)	4,582,838	1,119,753
TOTAL CURRENT LIABILITIES		14,529,243	4,407,091
NON-CURRENT LIABILITIES			
Borrowings	14	21,443,221	-
Deferred tax liabilities	5(c)	107,347	48,584
Provisions	16	718,650	2,151,226
TOTAL NON-CURRENT LIABILITIES		22,269,218	2,199,810
TOTAL LIABILITIES		36,798,461	6,606,901
NET ASSETS		43,715,582	32,573,170
EQUITY			
Issued capital	17	37,197,919	29,577,722
Option reserve	18	19,000	19,000
Retained earnings	19	6,498,663	2,976,448
TOTAL EQUITY		43,715,582	32,573,170

The accompanying notes form part of these financial statements.

**FuneralVest Limited
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**Statement of Changes in Equity
For the Year Ended 30 June 2016**

2016

	Note	Issued Capital \$	Vested Options \$	Retained Earnings \$	Total \$
Balance at 1 July 2015		29,577,722	19,000	2,976,448	32,573,170
Comprehensive Income for the period		-	-	-	-
Profit for the year	19	-	-	3,523,765	3,523,765
Total other comprehensive income for the year		-	-	3,523,765	3,523,765
Transactions with owners in their capacity as owners					
Issue of shares		7,620,197	-	-	7,620,197
Dividends paid or provided for	21	-	-	(1,550)	(1,550)
Balance at 30 June 2016		37,197,919	19,000	6,498,663	43,715,582

2015

	Note	Issued Capital \$	Vested Options \$	Retained Earnings \$	Total \$
Balance at 1 July 2014		16,006,900	19,000	1,020,331	17,046,231
Comprehensive Income for the period		-	-	-	-
Profit for the year	19	-	-	1,958,017	1,958,017
Total other comprehensive income for the year		-	-	1,958,017	1,958,017
Transactions with owners in their capacity as owners					
Issue of shares		13,570,822	-	-	13,570,822
Dividends paid or provided for	21	-	-	(1,900)	(1,900)
Balance at 30 June 2015		29,577,722	19,000	2,976,448	32,573,170

The accompanying notes form part of these financial statements.

**FuneralVest Limited
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**Statement of Cash Flows
For the Year Ended 30 June 2016**

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	23,635,342	11,733,245
Payments to suppliers and employees	(18,323,264)	(8,396,210)
Interest received on prepaid funds under management	-	32,339
Interest received	237,508	294,368
Interest paid	(711,049)	(214,714)
Income tax paid	(1,671,495)	(744,721)
Net cash from operating activities	<u>3,167,042</u>	<u>2,704,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	24,389	-
Purchase of property, plant and equipment	(14,531,869)	(5,396,867)
Payments to acquire businesses, net of cash acquired	(21,357,918)	(2,740,922)
Payments for prepaid contract funds under management	(1,105,148)	-
Proceeds from maturity of investments	-	5,500,000
Payments of deferred consideration of business acquisitions	(1,300,000)	(896,231)
Net cash from investing activities	<u>(38,270,546)</u>	<u>(3,534,020)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	7,620,197	13,570,822
Proceeds from borrowings	24,425,000	-
Repayment of borrowings	-	(5,785,000)
Hire purchase payments	(60,338)	(23,413)
Dividends paid	(1,550)	(1,900)
Net cash from financing activities	<u>31,983,309</u>	<u>7,760,509</u>
Net increase in cash and cash equivalents held	(3,120,195)	6,930,796
Cash and cash equivalents at beginning of period	<u>12,809,164</u>	<u>5,878,368</u>
Cash and cash equivalents at end of financial year	6 <u><u>9,688,969</u></u>	<u><u>12,809,164</u></u>

The accompanying notes form part of these financial statements.

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

FuneralVest Limited is a for profit Company limited by shares, incorporated and domiciled in Australia. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of FuneralVest Limited and its subsidiaries.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the directors on 27 October 2016. The Group has the power to amend and reissue the financial report.

Certain comparative amounts have been reclassified to conform with current year presentation

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by FuneralVest Limited at the end of the reporting period. A controlled entity is any entity over which FuneralVest Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 1(h)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(c) Business combinations (continued)

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income, except for costs related to the purchase of properties which are capitalised as part of the cost of the properties.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of first-in-first-out.

(e) Property, plant and equipment

Plant and equipment

Plant and equipment are measured on a cost basis.

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated either on a straight-line basis or diminishing value basis over the asset's useful life to the Group 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. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	33.3% to 100%
Furniture, Fixtures and Fittings	16.67% to 100%
Motor Vehicles	25% to 100%
Office Equipment	8.3% to 100%
Improvements	2.5% to 50%
Low Value Asset Pool	25%
Other Property, Plant and Equipment	33.3%

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequently, these instruments are measured as set out below.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through 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 value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

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

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(h) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(j) Employee benefits (continued)

Superannuation plan

The Group contributes to various employee accumulation superannuation funds. Contributions are charged against income as they are incurred.

(k) Provisions

Provisions are recognised when the Group 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 at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Prepaid contracts

Prepaid contracts recognised in the financial statements represent tripartite agreements whereby FuneralVest agrees to deliver a specified funeral service at the time of need and the customer conditionally assigns and invests the contracted price of the service to be delivered with FuneralVest. FuneralVest initially recognises the value of the invested funds as an asset and revalues the invested funds to fair value at the end of each reporting period. FuneralVest initially recognises a liability at the contracted value and remeasures it to reflect the value of the benefits attributable to the member at the end of the reporting period.

When the service is delivered, the liability is derecognised and the corresponding amount is recognised as revenue in the statement of profit or loss and other comprehensive income.

(m) Trade and other payables

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

(n) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(n) Income tax (continued)

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.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, 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.

FuneralVest Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(o) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(o) Leases (continued)

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue is recognised when the funeral, burial, cremation or other services are performed or the goods supplied.

Revenues relating to undelivered memorials and merchandise are deferred until delivered or made ready for use. The Group enters into prepaid contracts to provide funeral, burial and cremation services in the future and funds received are placed in trust and are not recognised as revenue until the service is performed. Refer note 1(l).

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(q) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(r) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(s) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates under different assumptions and conditions.

Key estimates - impairment of goodwill

In accordance with AASB 136 *Impairment of Assets*, the Company is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Company prepares five year management forecasts for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

The Company's review includes the key assumptions related to sensitivity in the cash flow projections.

Key estimates - property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual value over their anticipated useful lives using the straight-line basis. Management reviews residual values annually considering market conditions and disposal values.

**FuneralVest Limited
and Controlled Entities**

ABN 61 154 640 310

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

1 Summary of Significant Accounting Policies (continued)

(s) Critical accounting estimates and judgments (continued)

Key estimates - prepaid contracts

As detailed in note 1(l), prepaid funeral services are tripartite agreements whereby FuneralVest agrees to deliver a specified funeral service at the time of need and the beneficiary invests the current price of the service to be delivered with either an entity or trust fund controlled by FuneralVest or an external third party financial institution and conditionally assigns the benefit to FuneralVest.

In respect of funds invested with FuneralVest, these contracts are accounted for as detailed in note 1(l).

In respect of the funds invested with external third parties, these entities are not in any way related, controlled or able to be influenced by the Group. The assignment of the benefit of the invested funds, only becomes unconditional when FuneralVest has demonstrated that it has delivered the service specified. Prior to the delivery of the service, FuneralVest does not have the power to control the funds, investment decisions or allocation of these funds and is not entitled to any financial return. As a result, these arrangements have not been reflected in the financial statements of the Group. As at 30 June 2016, \$19,534,199 was held on behalf of beneficiaries with FuneralVest assigned the benefit provided it performs the funeral service in the future.

2 Revenue and Other Income

	Note	2016	2015
		\$	\$
Sales revenue		22,304,697	10,853,544
Interest income		238,639	294,368
Gain on disposal of assets		1,390	-
Net gain on undelivered prepaid contracts	10(a)	51,986	27,687
Other revenue			
- Rental income		107,189	15,760
- Commissions received		29,508	32,006
- Gain from derecognition of contingent consideration payable		635,060	-
- Other income		22,752	6,537
Total Revenue		23,391,221	11,229,902

3 Expenses

The result for the year includes the following specific expenses

Cost of sales	7,136,028	3,349,088
Finance costs	733,017	217,052
Loss on disposal of property, plant and equipment	737	94
Rental expense on operating leases:		
- Minimum lease payments	490,920	184,966
Depreciation and amortisation expense	861,059	366,605

**FuneralVest Limited
and Controlled Entities**

ABN 61 154 640 310

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

4 Income Tax Expense

(a) The components of tax expense comprise:

	2016	2015
	\$	\$
Current tax expense		
Current tax	1,360,139	898,022
Deferred tax expense		
Timing differences	<u>(505,272)</u>	<u>(70,325)</u>
Income tax expense for the period	<u>854,867</u>	<u>827,697</u>

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

	2016	2015
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30%		
- consolidated group	<u>1,313,560</u>	<u>835,714</u>
Add:		
Tax effect of:		
- other (non-assessable)/non-allowable items	(178,718)	(8,017)
- deferred tax assets acquired on acquisition	<u>(279,975)</u>	<u>-</u>
Income tax expense	<u>854,867</u>	<u>827,697</u>

5 Tax Assets and Liabilities

(a) **Current Tax Liability**

Income tax	<u>328,822</u>	<u>640,121</u>
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Notes to the Financial Statements
For the Year Ended 30 June 2016

5 Tax Assets and Liabilities (continued)

(b) Deferred Tax Assets - Consolidated

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
Provisions - employee benefits	50,199	24,219	74,418
Transaction costs on equity issue	126,424	56,293	182,717
Other	269	2,645	2,914
Balance at 30 June 2015	176,892	83,157	260,049
Provisions - trade receivables	-	2,563	2,563
Provisions - employee benefits	74,418	338,748	413,166
Accruals	-	13,985	13,985
Transaction costs on business purchase	182,717	199,732	382,449
Finance facility establishment costs	-	8,241	8,241
Other	2,914	823	3,737
Balance at 30 June 2016	260,049	564,092	824,141

(c) Deferred Tax Liability - Consolidated

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax liability			
Property, plant and equipment			
- tax allowance	16,501	16,506	33,007
Revaluation, net of related depreciation on acquisition	14,242	-	14,242
Accrued interest	30,673	(29,338)	1,335
Balance at 30 June 2015	61,416	(12,832)	48,584
Property, plant and equipment			
- tax allowance	33,007	55,410	88,417
Revaluation, net of related depreciation on acquisition	14,242	-	14,242
Accrued interest	1,335	3,353	4,688
Balance at 30 June 2016	48,584	58,763	107,347

**FuneralVest Limited
and Controlled Entities**

ABN 61 154 640 310

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

6 Cash and Cash Equivalents

	2016	2015
	\$	\$
CURRENT		
Cash on hand	5,209	2,259
Cash at bank	9,646,137	12,763,117
Other cash and cash equivalents	37,623	43,788
	<u>9,688,969</u>	<u>12,809,164</u>

7 Trade and Other Receivables

CURRENT		
Trade receivables	2,444,489	609,185
Provision for impairment - charged to profit and loss	(8,653)	(109)
Provision for impairment - recognised against goodwill	(158,688)	-
	<u>2,277,148</u>	<u>609,076</u>
Accrued interest	69,625	4,655
	<u>2,346,773</u>	<u>613,731</u>

8 Prepayments

CURRENT		
Prepayments	207,725	31,407
Deposits	4,900	5,250
	<u>212,625</u>	<u>36,657</u>

9 Inventories

	2016	2015
	\$	\$
CURRENT		
At cost:		
Inventories	868,498	277,351
	<u>868,498</u>	<u>277,351</u>

**FuneralVest Limited
and Controlled Entities**

ABN 61 154 640 310

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

10 Prepaid Contracts

(a) Income statement impact of undelivered prepaid contracts

	2016	2015
	\$	\$
Gain on prepaid contract funds under management	51,986	32,339
Change in provision for prepaid contract liabilities	-	(4,652)
Net (loss) / gain	51,986	27,687

(b) Movements in prepaid contract funds under management

Balance at the beginning of the year	1,119,753	1,104,004
Sale of new prepaid contracts	232,023	137,396
Redemption of prepaid contract funds following service delivery	(229,349)	(126,299)
Increase due to business combinations	3,476,548	-
Increase in fair value of contract funds under management	54,451	4,652
Balance at the end of the year	4,653,426	1,119,753

(c) Movements in prepaid contract liabilities

Balance at the beginning of the year	1,119,753	1,104,004
Sale of new prepaid contracts	232,023	137,396
Decrease following delivery of services	(229,349)	(126,299)
Increase due to business combinations	3,457,945	-
Increase due to re-evaluation of delivery obligation	2,466	4,652
Balance at the end of the year	4,582,838	1,119,753

11 Property, Plant and Equipment

NON-CURRENT

Freehold land

At cost

7,694,825 2,094,556

Total Land

7,694,825 2,094,556

Buildings

At cost

17,445,188 8,991,019

Accumulated depreciation

(631,573) (301,227)

Total buildings

16,813,615 8,689,792

Total land and buildings

24,508,440 10,784,348

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

11 Property, Plant and Equipment (continued)

	2016	2015
	\$	\$
Plant and equipment		
At cost	930,411	133,904
Accumulated depreciation	<u>(130,975)</u>	<u>(34,793)</u>
Total plant and equipment	<u>799,436</u>	<u>99,111</u>
Furniture, fixture and fittings		
At cost	501,948	325,740
Accumulated depreciation	<u>(118,432)</u>	<u>(70,664)</u>
Total furniture, fixture and fittings	<u>383,516</u>	<u>255,076</u>
Motor vehicles		
At cost	2,794,478	836,928
Accumulated depreciation	<u>(468,793)</u>	<u>(190,157)</u>
Total motor vehicles	<u>2,325,685</u>	<u>646,771</u>
Office equipment		
At cost	55,060	50,671
Accumulated depreciation	<u>(26,992)</u>	<u>(20,582)</u>
Total office equipment	<u>28,068</u>	<u>30,089</u>
Improvements		
At cost	204,222	47,338
Accumulated depreciation	<u>(26,210)</u>	<u>(6,409)</u>
Total improvements	<u>178,012</u>	<u>40,929</u>
Low value asset pool		
At cost	46,373	26,970
Accumulated depreciation	<u>(15,375)</u>	<u>(7,719)</u>
Total low value asset pool	<u>30,998</u>	<u>19,251</u>
Other property, plant and equipment		
At cost	164,153	12,360
Accumulated depreciation	<u>(28,772)</u>	<u>(10,694)</u>
Total other property, plant and equipment	<u>135,381</u>	<u>1,666</u>
Total property, plant and equipment	<u>28,389,536</u>	<u>11,877,241</u>

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

11 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Improvements	Low Value Asset Pool	Other Property, Plant and Equipment	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016										
Balance at the beginning of year	2,094,556	8,689,792	99,111	255,076	646,771	30,089	40,929	19,251	1,666	11,877,241
Additions	5,600,269	8,462,586	118,414	103,048	207,323	-	8,133	6,721	24,733	14,531,227
Additions - business combinations	-	-	678,142	73,160	1,816,842	9,880	148,751	12,682	127,060	2,866,517
Disposals - written down value	-	-	-	-	(18,898)	(5,491)	-	-	-	(24,389)
Depreciation expense	-	(338,763)	(96,231)	(47,768)	(326,353)	(6,410)	(19,801)	(7,656)	(18,078)	(861,060)
Balance at the end of the year	7,694,825	16,813,615	799,436	383,516	2,325,685	28,068	178,012	30,998	135,381	28,389,536

**FuneralVest Limited
and Controlled Entities**

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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

12 Intangible Assets

	2016	2015
Note	\$	\$
NON-CURRENT		
Goodwill - at cost	33,530,075	12,186,125
	12,186,125	8,651,874
Balance at the beginning of the year	21,343,950	3,534,251
Additions through business combinations	33,530,075	12,186,125
Closing value at 30 June	33,530,075	12,186,125

13 Trade and Other Payables

CURRENT		
Unsecured liabilities		
Trade payables	989,662	463,268
Deposits	113,145	2,641
GST payable	445,099	146,267
Sundry payables and accrued expenses	986,456	451,930
	2,534,362	1,064,106

14 Borrowings

CURRENT			
Secured liabilities:			
Hire purchase liabilities	20(a)	96,406	22,708
Bank loan		3,249,000	-
		3,345,406	22,708
NON-CURRENT			
Secured liabilities:			
Hire purchase liabilities	20(a)	267,221	-
Bank loan		21,176,000	-
		21,443,221	-

(a) Bank loan facilities

The Group had a total of \$Nil of undrawn borrowing facilities as at 30 June 2016.

**FuneralVest Limited
and Controlled Entities**

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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

15 Employee Benefits

	2016	2015
	\$	\$
CURRENT		
Employee benefits provisions	<u>1,312,569</u>	<u>213,737</u>

16 Provisions

CURRENT		
Provision for earn-out	<u>2,425,246</u>	<u>1,346,666</u>
NON-CURRENT		
Provision for earn-out	<u>718,650</u>	<u>2,151,226</u>

	\$
Movements in provisions	
Opening balance at 1 July 2015	3,497,892
Additional provisions	1,375,972
Provisions used	(1,300,000)
Provisions reversed	(635,060)
Unwinding of discount	<u>205,092</u>
Balance at 30 June 2016	<u><u>3,143,896</u></u>

The provision for earn-out above relates to certain business acquisitions made by the Company. There are numerous earnings and performance targets specific to certain entities acquired that are required to be met before the earn-out provision is paid. The estimated timing of the payment required for the earn-out is disclosed as above.

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

17 Issued Capital

	2016	2015
	\$	\$
Ordinary Shares - fully paid	37,197,019	29,576,822
Incentive Shares at 0.1 cents	900	900
	<u>37,197,919</u>	<u>29,577,722</u>

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	25,699,444	16,006,000
Shares issued during the period at \$1.40 each	-	9,693,444
Shares issued on exercise of options during the period at \$1.61 each	4,733,042	-
At the end of the reporting period	<u>30,432,486</u>	<u>25,699,444</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

(b) Incentive shares

	2016	2015
	No.	No.
At the beginning of the reporting period	900,000	900,000
At the end of the reporting period	<u>900,000</u>	<u>900,000</u>

The holders of the incentive shares will receive an incentive payment in accordance with the rights attaching to those shares. Incentive shares confer no rights whatsoever, whether to return of capital, participation in surplus assets and profits, the payment of dividends or other distributions or otherwise. The incentive shares carry no voting rights, other than in respect of resolutions affecting the rights of holders of the incentive shares as a class, in which case each incentive share carries one vote.

The incentive shares carry the same rights as the holder of an ordinary share to:

- (a) receive notice of a general meeting;
- (b) attend the general meeting; and
- (c) receive notices, reports and audited accounts.

Notes to the Financial Statements
For the Year Ended 30 June 2016

18 Option Reserve

	2016	2015
	\$	\$
Options over unissued shares in IFS	19,000	19,000

(a) Options over unissued shares - IFS

The vested options relate to options issued to an entity associated with the General Manager and Director of IFS. Options were issued in 3 tranches as described below:

- **Completion options:** 10,000 options were issued with an exercise price of \$1.90 and have vested, although are not yet exercisable (refer below). The \$19,000 payment relates to this tranche of options;
- **2014 options:** 20,618 options were issued with an exercise price of \$2.53 and did not vest as the performance hurdles were not met; and
- **2017 options:** 32,572 options were issued with an exercise price of \$3.37 and do not vest until the sixth anniversary after the purchase of the company and subject to EBITDA for the year ended 30 June 2017 being greater than \$400,000.

All options cannot be exercised until an exit event occurs. Options that have vested participate in dividends in IFS as if they had been exercised into one ordinary share per option. The second tranche of shares did not vest in the period.

(b) Options

No options are outstanding at 30 June 2016 other than as noted above.

In November 2015, 4,733,042 of the '2015 Options' issued by the Company in December 2014 were exercised by the Option holders in accordance with their terms, and the rest lapsed. This resulted in the Company raising \$7.62 million and the number of Ordinary Shares in the Company increasing to 30,432,486 (2015: 25,699,444).

19 Retained Earnings

	2016	2015
	\$	\$
Retained earnings at the beginning of the financial year	2,976,448	1,020,331
Profit for the year	3,523,765	1,958,017
Dividends paid	(1,550)	(1,900)
Retained earnings at end of the financial period	6,498,663	2,976,448

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

20 Capital and Leasing Commitments

(a) Finance lease commitments

	2016	2015
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	108,761	23,309
- between 1 year and 5 years	264,748	-
Minimum lease payments	<u>373,509</u>	23,309
Less: finance changes	(9,882)	(601)
Present value of minimum lease payments	<u>363,627</u>	22,708

Finance leases are in place for vehicles and normally have a term between 3 and 5 years.

(b) Operating lease commitments

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

Payable - minimum lease payments:		
- no later than 1 year	488,501	157,385
- between 1 year and 5 years	1,168,205	333,909
- greater than 5 years	2,325,603	-
	<u>3,982,309</u>	491,294

Operating leases have been taken out for property and printers.
Lease payments are increased on an annual basis to reflect market rentals.

21 Dividends

The following dividend was declared and paid:

Unfranked vested options dividend	<u>1,550</u>	<u>1,900</u>
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Franking account

The franking credits available for subsequent financial years at a tax rate of 30%	<u>2,457,579</u>	1,493,867
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The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the entity's future ability to declare dividends.

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

22 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below.

	2016	2015
	\$	\$
Senior executives of the Company's subsidiaries	<u>764,730</u>	<u>291,890</u>

23 Controlled Entities

	Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2016	2015
Subsidiaries:			
Propel Funeral Partners Pty Limited	Australia	100	100
FV (TAS) Pty Limited	Australia	100	100
Millingtons Cemetery Services Pty Ltd	Australia	100	0
Millingtons Funeral Services Pty Ltd	Australia	100	0
Devonport Funeral Services Pty Ltd	Australia	100	0
Phillip Stephens Funeral Services Pty Ltd	Australia	100	0
FV (QLD) Pty Limited	Australia	100	100
South Burnett Funerals & Crematorium Pty Limited	Australia	100	100
Gympie Funeral Services Pty Limited	Australia	100	100
Leslie G Ross Funeral Services Pty Limited	Australia	100	100
Premier Funeral Group Pty Ltd	Australia	100	0
Integrity Funeral Services Pty Ltd	Australia	100	100
FV (NSW) Pty Limited	Australia	100	100
Coonamble Funeral Services Pty Limited	Australia	100	100
Riverina Funeral Services Pty Ltd	Australia	100	0
WT Howard Funeral Services	Australia	100	0
Tamworth & Gunnedah Funeral Services Pty Ltd	Australia	100	0
FV (VIC) Pty Ltd	Australia	100	100
Quinn Funeral Services Pty Ltd	Australia	100	100
Hall Funeral Services Pty Ltd	Australia	100	100
Handley Funerals Pty Ltd	Australia	100	0
FV (SA) Pty Ltd	Australia	100	100
Eyre Peninsula Funeral Services Pty Limited	Australia	100	100
FPT Pty LTD	Australia	100	100
Australian Funeral Properties Unit Trust	Australia	100	100
Mornington Crematorium Unit Trust	Australia	100	0
FV (NZ) Pty Ltd	Australia	100	0
NZ Funeral Property Unit Trust	Australia	100	0

* Percentage of voting power is in proportion to ownership

Notes to the Financial Statements

For the Year Ended 30 June 2016

24 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingent liabilities or contingent assets at 30 June 2016.

25 Related Parties

The ultimate parent entity within and for the Group is FuneralVest Limited.

Details of the interests in subsidiaries are set out in Note 23.

Key management personnel disclosures are included in Note 22.

On 25 October 2012, the Company entered into a Management Agreement with Propel Investments Pty Limited, an entity associated with some of the directors of the Company.

For the year ended 30 June 2016, management fees totalling \$745,771 (2015: \$565,402) were paid / are payable to Propel Investments Pty Limited.

During the year a member of the key management personnel, Mr Coman Reynolds, has allocated some of his income, being \$33,066 (2015: \$30,817), to his wife.

The 900,000 incentive shares (as disclosed in Note 17(b)) are owned by the FV Incentive Trust. The trustee is FV Incentive Pty Ltd and the directors of this company are Peter Dowding, Fraser Henderson and Albin Kurti.

26 Events after the end of the Reporting Period

Since 30 June 2016 the Group has:

- acquired 100% of the issued share capital of LVFS and its four associated freehold properties (located in the Latrobe Valley, Victoria);
- completed the acquisition of the business, assets and freehold properties of FW Barnes & Son Funerals (located in Ballarat, Victoria);
- executed binding legal documentation to acquire the business and assets of Michael Hutchinson Funerals (located in Acacia Ridge, Queensland); and
- raised additional finance through:
 - issuing unsecured fixed rate notes to the value of \$16.18 million; and
 - refinancing the senior debt facility with Westpac to increase the facility limit by \$9.95 million to \$34.37 million, of which \$5.6 million remains subject to shareholders approving the financial assistance associated with LVFS.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

27 Parent entity

The following information has been extracted from the books and records of the parent, FuneralVest Limited, and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, FuneralVest Limited, has been prepared on the same basis as the consolidated financial statements.

	2016	2015
	\$	\$
Statement of Financial Position		
Assets		
Current assets	26,387,363	19,871,469
Non-current assets	12,545,932	10,948,049
Total Assets	<u>38,933,295</u>	<u>30,819,518</u>
Liabilities		
Current liabilities	(1,581,028)	(1,014,607)
Non-current liabilities	(74,433)	(34,342)
Total Liabilities	<u>(1,655,461)</u>	<u>(1,048,949)</u>
Equity		
Issued capital	37,197,919	29,577,722
Retained earnings	79,915	192,847
Total Equity	<u>37,277,834</u>	<u>29,770,569</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	<u>(112,934)</u>	<u>(23,666)</u>
Total comprehensive income	<u>(112,934)</u>	<u>(23,666)</u>

**FuneralVest Limited
and Controlled Entities**

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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations

On 9 July 2015, the Group agreed to pay \$955,144 (excluding \$40,978 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Riverina Funerals.

The effective date of acquisition was 31 July 2015.

Details of this transaction are:

	2016
	\$
Cash consideration	836,080
Contingent consideration	119,064
Stamp duty (excluded from Goodwill)	40,978
Total consideration	<u>996,122</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Inventories	24,244
Other assets	136
Property, plant and equipment	81,000
Employee benefits	(2,135)
Net assets acquired	<u>103,245</u>
Goodwill	851,899
Cash and contingent consideration	<u>955,144</u>

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations (continued)

On 22 June 2015, the Group agreed to pay \$1,143,423 (excluding \$7,330 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Handley Funerals.

The effective date of acquisition was 3 August 2015.

Details of this transaction are:

	2016
	\$
Cash consideration	964,827
Contingent consideration	178,596
Stamp duty (excluded from Goodwill)	7,330
Total consideration	<u>1,150,753</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Inventories	34,894
Property, plant and equipment	190,532
Employee benefits	(41,641)
Net assets acquired	<u>183,785</u>
Goodwill	959,638
Cash and contingent consideration	<u>1,143,423</u>

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations (continued)

On 9 November 2015, the Group agreed to pay \$1,073,481 (excluding \$42,415 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of WT Howard Funerals.

The effective date of acquisition was 8 December 2015.

Details of this transaction are:

	2016
	\$
Cash consideration	1,073,481
Stamp duty (excluded from Goodwill)	42,415
Total consideration	<u>1,115,896</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Prepayments	11,161
Inventories	26,854
Property, plant and equipment	191,995
Employee benefits	(24,400)
Net assets acquired	<u>205,610</u>
Goodwill	867,871
Cash consideration	<u>1,073,481</u>

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations (continued)

On 19 November 2015, the Group agreed to pay \$11,230,401 (excluding \$44,275 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Millingtons Funerals and Millingtons Cemeteries.

The effective date of acquisition was 14 December 2015.

Details of this transaction are:

	2016
	\$
Cash consideration	10,316,667
Contingent consideration	913,734
Stamp duty (excluded from Goodwill)	44,275
Total consideration	<u>11,274,676</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Trade debtors	709,954
Prepayments	3,441
Inventories	147,097
Property, plant and equipment	1,279,428
Trade creditors	(399,653)
Lease liabilities	(401,257)
Prepaid monument liabilities	(92,535)
Prepaid funeral liabilities	(260,435)
Employee benefits	(434,653)
Net assets acquired	551,387
Goodwill	10,679,014
Cash and contingent consideration	<u>11,230,401</u>

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations (continued)

On 19 February 2016, the Group agreed to pay \$4,749,490 (excluding \$265,688 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Burke and Hamilton Funerals, Lightfoot Funerals and Lincoln Grove Memorial Gardens.

The effective date of acquisition was 14 March 2016.

Details of this transaction are:

	2016
	\$
Cash consideration	4,749,490
Stamp duty (excluded from Goodwill)	265,688
Total consideration	5,015,178

The assets and liabilities recognised as a result of the acquisition are as follows:

Prepayments	1,300
Inventories	219,664
Property, plant and equipment	624,074
Employee benefits	(332,827)
Net assets acquired	512,211
Goodwill	4,237,279
Cash consideration	4,749,490

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations (continued)

On 11 March 2016, the Group agreed to pay \$535,916 (excluding \$97,609 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Premier Funerals, Buderim Crematorium and Heritage Park Crematorium.

The effective date of acquisition was 12 April 2016.

Details of this transaction are:

	2016
	\$
Cash consideration	535,916
Stamp duty (excluded from Goodwill)	97,609
Total consideration	633,525

The assets and liabilities recognised as a result of the acquisition are as follows:

Funds under management	2,296,736
Prepayments	14,285
Inventories	15,866
Property, plant and equipment	107,100
Prepaid funeral liabilities	(3,124,890)
Employee benefits	(66,334)
Net liabilities acquired	(757,237)
Goodwill	1,293,153
Cash consideration	535,916

**FuneralVest Limited
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**Notes to the Financial Statements
For the Year Ended 30 June 2016**

28 Business combinations (continued)

On 22 March 2016, the Group agreed to pay \$986,414 (excluding \$3,872 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Pinegrove Funerals and Mersey Gardens Crematorium.

The effective date of acquisition was 15 April 2016.

Details of this transaction are:

	2016
	\$
Cash consideration	986,414
Stamp duty (excluded from Goodwill)	3,872
Total consideration	990,286

The assets and liabilities recognised as a result of the acquisition are as follows:

Other receivables	56,448
Prepayments	1,361
Inventories	85,418
Property, plant and equipment	182,991
Trade creditors	(23,183)
Employee benefits	(37,152)
Net assets acquired	265,883
Goodwill	720,531
Cash consideration	986,414

**FuneralVest Limited
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**Notes to the Financial Statements
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28 Business combinations (continued)

On 20 May 2016, the Group agreed to pay \$1,979,186 (excluding \$7,345 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Phillip Stephens Funeral Services.

The effective date of acquisition was 27 June 2016.

Details of this transaction are:

	2016
	\$
Cash consideration	1,634,608
Contingent consideration	344,578
Stamp duty (excluded from Goodwill)	<u>7,345</u>
Total consideration	<u>1,986,531</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Inventories	37,587
Property, plant and equipment	208,101
Employee benefits	<u>(1,067)</u>
Net assets acquired	244,621
Goodwill	<u>1,734,565</u>
Cash and contingent consideration	<u>1,979,186</u>

29 Company Details

The registered office of and principal place of business of the Company is:

FuneralVest Limited
Suite 4, Jones Bay Wharf
26-32 Pirrama Road
PYRMONT NSW 2009