Propel Funeral Partners Limited

ABN 61 154 640 310

Financial Statements

For the Year Ended 30 June 2017

Propel Funeral Partners Limited

ABN 61 154 640 310

Contents

30 June 2017

Directors' Report

30 June 2017

The directors present their report, together with the financial statements of the group, being Propel Funeral Partners Limited (formerly FuneralVest Limited) (**Propel** or **the Company**) and its controlled entities (**the Group**), for the financial year ended 30 June 2017.

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 Jonathan Trollip	Non-Executive Director (appointed 1 March 2017)
Mr Peter Eric Dowding	Executive Director (appointed 6 December 2011)
Mr Albin Kurti	Managing Director & Head of Investments (appointed 6 December 2011)
Mr Fraser Henderson	Executive Director, Head of Mergers & Acquisitions and General Counsel (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 Propel under its constituent documents.

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

Mr Brian Scullin Non-Executive Chairman

Mr Scullin is the current Chairman of Hastings Funds Management and the Tasmanian Development Board. He is a Non-Executive Director of Tasplan Super, Macquarie Point Development Corporation and OAK 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 Dexus 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 (**ASFA**) 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

Ms Edwards is the current Chairwoman of Tasplan Super and 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, Ms Edwards 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. Ms Edwards is a member of the Tasmanian Economic Development Board and is a Non-Executive Director of the Australian Institute of Superannuation Trustees. Ms Edwards is a former Partner of Deloitte and a former director of Trowbridge Consulting.

Ms Edwards 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.

1. Information on directors (continued)

Mr Jonathan Trollip Non-Executive Director

Mr Trollip is an experienced Director with over 30 years of commercial, corporate, governance, legal and transaction experience.

Mr Trollip is currently non-executive chairman of ASX listed Antipodes Global Investment Company Limited, Future Generation Investment Company Limited, Plato Income Maximiser Limited and Global Value Fund Limited, and a Non-Executive Director of ASX listed Kore Potash Limited. He holds commercial private company directorships with Meridian International Capital Limited and BCAL Diagnostics Pty Ltd. In the philanthropy area he is chairman of Science for Wildlife Limited, and a director of The Watarrka Foundation and the University of Cape Town Australia Alumni Trust.

Mr Trollip has worked as a principal of Meridian for the past 22 years. Prior to that, he was a Partner with law firm Herbert Smith Freehills. He holds postgraduate degrees in economics and law, was admitted as a qualified lawyer in England and Australia and is a Fellow of the Australian Institute of Company Directors.

Mr Peter Eric Dowding Executive Director

Mr Dowding co-founded the Company. He has almost 30 years investment experience and has been responsible for completing and managing investments and also raising and managing institutional funds. He has been involved in the establishment and development of the Company, serving as a director from its establishment.

In 2007, Mr Dowding co-led the management buy-out of the private capital division of Deutsche Bank having previously been responsible for this division. He has been on the board of a significant number of private companies, including several where he was Chairman. Mr Dowding was a director of Bledisloe Holdings prior to its sale to InvoCare.

In his role as Chairman of the Manager, Mr Dowding provides experience, oversight and advice in dealing with significant matters, particularly investment decisions and strategic initiatives.

Mr Dowding has a Batchelor of Civil Engineering from the University of Nottingham and a Masters in Business from the University of Bath.

Mr Albin Kurti Managing Director & Head of Investments

Mr Kurti co-founded the Company. He has overall responsibility for the Manager's investment decisions on behalf of the Company. Together with his colleagues, Mr Kurti plays an important role in sourcing, screening, executing and actively managing the Company's investments. He chairs the Group's operating subsidiaries and each location manager reports directly to Mr Kurti.

Mr Kurti 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. In 2000, he moved to Sydney and joined Deutsche Asset Management and, in 2007, he co-led the management buy-out of the private capital division of Deutsche Bank. He has led, co-led or been a key investment team member on a range of M&A transactions and has been a director of numerous private companies. He played an important role in the sale of Bledisloe Holdings to InvoCare in 2011.

Mr Kurti has a Bachelor of Commerce from the University of Melbourne and a Masters in Business Administration from Victoria University of Technology.

1. Information on directors (continued)

Mr Fraser Henderson Executive Director, Head of Mergers & Acquisitions and General Counsel (and Company Secretary)

Mr Henderson co-founded the Company and is a director of the Manager. He is the Company's Head of M&A and General Counsel/Company Secretary. He is on the board of each of the Company's subsidiaries.

Mr Henderson commenced his legal career with Ashurst, where he worked in both London and Singapore. In 2003, he moved to Sydney and joined Minter Ellison, becoming a Partner in their Private Equity and Capital Markets team in 2006. He joined the Manager in 2008, where he became a director of a number of the Manager's investee companies. He co-led a number of transactions for the Manager, and played an important role in the sale of Bledisloe Holdings to InvoCare in 2011.

Mr Henderson is a graduate of the University of Newcastle-Upon-Tyne (LLB) and of Sydney University (LLM). He has a Diploma in Applied Corporate Governance (FCIS) and has completed the courses run by the Australian Institute of Company Directors and the Australasian Investor Relations Association.

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	9	9
Mr Albin Kurti	9	9
Mr Fraser Henderson	9	9
Mr Brian Edwin Scullin	9	9
Ms Naomi Edwards	7	7
Mr Jonathan Trollip	2	2

3. Principal activities

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

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

4. Operating results

The Trading EBITDA (as defined on page 4) of the Group for the year amounted to $12,961,117 (2016: $7,176,583). The consolidated profit of the Group for the year amounted to $3,385,437 (2016: $2,494,513).

5. Dividends paid or recommended

The Company paid no dividends during the year ended 30 June 2017 (2016: $Nil) to its shareholders.

The option holder in Integrity Funeral Services Pty Limited (**IFS**) received an unfranked dividend from IFS of $2,500 (2016: $1,550) in accordance with an option deed which was terminated (and the options lapsed) in May 2017.

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

6. Review of operations

Propel acquires businesses, properties, infrastructure and related assets in the death care industry which stand to benefit from the growing and ageing population. As at the date of this directors' report, the Company owned long established providers of funeral services operating from 80 properties (46 freehold and 34 leasehold) across six states of Australia and in New Zealand, including 19 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.

During the year ended 30 June 2017, the Group expanded in Australia and New Zealand by acquiring:

- 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); and
  - Davis Services Group Limited (**DSG**) including its nine associated freehold properties (located in and around Auckland, Whangarei and Dargaville in New Zealand); and
- the funeral businesses, assets and freehold properties (where relevant) of:
  - FW Barnes & Son Funerals (**FWB**) (located in Ballarat, Victoria);
  - Michael Hutchinson Funerals (**MHF**) (located in Oxley, Queensland);
  - North West Funerals and EO James Funerals (**NWF**) (based in Mildura, Victoria); and
  - Geards Funeral Home and Scotts Funeral Services (**FNFS**) (located in the Far North of New Zealand).

A summary of the Group's financial performance in 2017 and 2016 is set out below:

	2017	**2016**
	$	**$**
Revenue	**45,817,400**	**22,304,697**
Trading EBITDA**	**12,961,117**	**7,176,583**
Management fee paid	(793,492)	(745,771)
One off acquisition costs (expensed)	(780,770)	(1,169,291)
Depreciation	(1,733,920)	(861,059)
Interest income	89,083	238,639
Interest expense	(2,865,182)	(733,017)
Investment income – prepaid contracts	409,945	163,327
Finance charge – prepaid contracts	(1,670,952)	(742,327)
Net exchange gains and losses	9,217	22,296
Profit before income tax	**5,625,046**	**3,349,380**
Income tax expense	(2,239,609)	(854,867)
Profit for the year	**3,385,437**	**2,494,513**

** EBITDA means earnings before interest, tax, depreciation and amortisation.
Trading EBITDA means EBITDA before one off acquisition costs and management fees.

At 30 June 2017:

- the Group's cash and cash equivalents (**Cash**) totalled approximately $6.84 million;
- the Group's senior debt facilities were drawn down to approximately $52.27 million; and
- the Manager remained actively engaged on various potential acquisition opportunities on the Group's behalf.

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 2017 were as follows:

- change of name from FuneralVest Limited to Propel Funeral Partners Limited;
- appointed Ms Edwards and Mr Trollip to the Board;
- raised $19.5 million (including DSG notes) via the issue of unsecured fixed rate notes;
- acquired 100% of the issued share capital of LVFS and DSG, and acquired the businesses, assets and the freehold properties (where relevant) of MHF, FWB, NWF and FNFS;
- entered into a Secured Facilities Agreement with Westpac Banking Corporation (**Westpac**) in connection with the acquisitions referred to above which resulted in an increase to the Group's senior debt facility limits by $17.9 million to $52.27 million; and
- appointed advisers in connection with the Company's intention to explore a potential Initial Public Offering (**IPO**).

8. After balance date events

Since 30 June 2017 the Group:

- completed the purchase of 100% of the issued share capital of Erceg McIntyre Pty Ltd, trading as Seasons Funerals (**Seasons**) (located in Perth, Western Australia);
- paid earn outs totalling approximately $0.31 million;
- exercised an option to acquire an adjoining property to Handley Funerals in Leongatha, Victoria for $0.36 million;
- raised $15.5 million via the issue of unsecured fixed rate notes; and
- executed a Restated and Amended Secured Facilities Agreement with Westpac which resulted in an increase to the Group's senior debt facility limits by $5.5 million to $58.0 million, subject to shareholder approval relating to the provision of financial assistance relating to the acquisition of Seasons.

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 in Australia and New Zealand.

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.

Directors' Report
30 June 2017

11. Options over unissued shares

On 15 May 2017, a subsidiary of the Company, IFS, and Jackson Grace Enterprises Pty Limited (**JGE**), an entity associated with the General Manager and Director of IFS entered into a termination deed which resulted in IFS paying JGE $30,000 and the cancellation of the options held by JGE issued in connection with the option deed dated 9 December 2011.

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, Ms N Edwards and Mr J Trollip) 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 $11,889 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 2017 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: 8 September 2017

Nexia Australia

To the Board of Directors of Propel Funeral Partners Limited

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

As lead audit partner for the audit of the financial statements of Propel Funeral Partners Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney Partnership

Joseph Santangelo
Partner

Date: 8 September 2017

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Independent Auditor's Report to the Members of Propel Funeral Partners Limited

Opinion

We have audited the financial report of Propel Funeral Partners Limited and controlled entities (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

i) giving a true and fair view of the Group'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 - Reduced Disclosure Requirements 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 entity in accordance with 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information comprises the information in Propel Funeral Partners Limited and controlled entities's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

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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.

In preparing the financial report, the directors are responsible for assessing the entity's ability 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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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.

Yours sincerely

Nexia

Nexia Sydney Partnership

Joseph Santangelo
Partner

Date: 8 September 2017

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Propel Funeral Partners Limited

ABN 61 154 640 310

Directors' Declaration

In the directors' opinion:

1. The financial statements and accompanying notes set out on pages 11 to 49, 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 Group's financial position as at 30 June 2017 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 .... Managing Director ……………………………………………….
Mr Brian Scullin Mr Albin Kurti

Dated: 8 September 2017

Propel Funeral Partners Limited

ABN 61 154 640 310

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 $	2016 $ Restated
Revenue	2	**45,817,400**	22,304,697
Rental revenue	2	**196,894**	107,189
Gain on disposal of assets	2	**-**	1,390
Net (loss) / gain on undelivered prepaid contracts	2 / 10(a)	**-**	51,986
Other income	2	**154,503**	665,024
		46,168,797	23,130,286
Cost of sales and goods	3	**(14,040,960)**	(7,136,028)
Employee costs		**(13,528,043)**	(6,098,714)
Depreciation and amortisation expense	3	**(1,733,920)**	(861,059)
Occupancy and facility costs		**(2,662,311)**	(692,247)
Advertising expenses		**(887,298)**	(357,069)
Motor vehicle expenses		**(580,824)**	(293,119)
Management fees	26	**(793,492)**	(745,771)
Net loss on disposal of assets	3	**(23,389)**	(737)
Acquisition costs - stamp duty		**(780,770)**	(1,169,291)
Other expenses		**(1,484,855)**	(1,375,789)
Profit from operations		**9,652,935**	4,400,462
Interest revenue	2	**89,083**	238,639
Interest expense	3	**(2,865,182)**	(733,017)
Investment income – prepaid contracts	2	**409,945**	163,327
Finance charge – prepaid contracts	3	**(1,670,952)**	(742,327)
Net exchange gains / (losses)	3	**9,217**	22,296
Profit before income tax		**5,625,046**	3,349,380
Income tax expense	4(a)	**(2,239,609)**	(854,867)
Profit for the year		**3,385,437**	2,494,513
Other comprehensive income			
Items that will / may be reclassified subsequently to profit or loss:			
Foreign currency translation		**772,448**	-
Total comprehensive income for the year		**4,157,885**	2,494,513

Statement of Financial Position

As At 30 June 2017

	Note	2017 $	2016 $ Restated
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**6,843,279**	11,267,122
Trade and other receivables	7	**3,878,400**	2,346,773
Current tax assets	5(a)	**216,222**	-
Prepayments	8	**560,225**	212,625
Inventories	9	**1,264,086**	868,498
Customer deposits – monument works		**925,028**	381,182
Contract assets – prepaid contracts expected to be realised within one year	10(b)	**2,452,793**	1,587,424
Contract assets – prepaid contracts expected to be realised after one year	10(b)	**33,112,334**	21,429,993
TOTAL CURRENT ASSETS		**49,252,367**	38,093,617
NON-CURRENT ASSETS			
Property, plant and equipment	11	**57,855,086**	27,939,284
Goodwill	12	**63,550,153**	34,258,555
Deferred tax assets	5(c)	**675,069**	441,692
TOTAL NON-CURRENT ASSETS		**122,080,308**	62,639,531
TOTAL ASSETS		**171,332,675**	100,733,148
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**5,076,691**	2,534,362
Current tax liabilities	5(b)	**-**	328,822
Borrowings	14	**7,334,054**	3,345,406
Other financial liabilities	16	**1,362,883**	2,425,246
Employee benefits	15	**1,873,509**	1,312,569
Deferred revenue – monument works		**1,076,387**	440,204
Contract liabilities – prepaid contracts expected to be realised within one year	10(c)	**2,630,113**	1,670,141
Contract liabilities – prepaid contracts expected to be realised after one year	10(c)	**35,506,147**	22,546,666
TOTAL CURRENT LIABILITIES		**54,859,784**	34,603,416
NON-CURRENT LIABILITIES			
Borrowings	14	**64,911,593**	21,443,221
Deferred tax liabilities	5(d)	**3,425,981**	1,281,531
Other financial liabilities	16	**1,030,247**	718,650
Employee benefits	15	**282,355**	-
TOTAL NON-CURRENT LIABILITIES		**69,650,176**	23,443,402
TOTAL LIABILITIES		**124,509,960**	58,046,818
NET ASSETS		**46,822,715**	42,686,330

The accompanying notes form part of these financial statements.

Propel Funeral Partners Limited

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Statement of Financial Position

As At 30 June 2017

	Note	2017 $	2016 $ Restated
EQUITY			
Issued capital	17	**37,197,919**	37,197,919
Option reserve	18	**-**	19,000
Retained earnings	19	**8,852,348**	5,469,411
Foreign currency translation reserve		**772,448**	-
TOTAL EQUITY		**46,822,715**	42,686,330

The accompanying notes form part of these financial statements.

Propel Funeral Partners Limited

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Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Note	Issued Capital $	Vested Options $	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2016		**37,197,919**	**19,000**	**5,469,411**	**-**	**42,686,330**
Profit for the year	19	**-**	**-**	**3,385,437**	**-**	**3,385,437**
Comprehensive Income for the period						
- FX translation differences		**-**	**-**	**-**	**772,448**	**772,448**
Total comprehensive income for the year		**-**	**-**	**3,385,437**	**772,448**	**4,157,885**
Transactions with owners in their capacity as owners						
Cancellation of options – cash settled		**-**	**(19,000)**	**-**	**-**	**(19,000)**
Dividends paid or provided for	22	**-**	**-**	**(2,500)**	**-**	**(2,500)**
Balance at 30 June 2017		**37,197,919**	**-**	**8,852,348**	**772,448**	**46,822,715**

2016

	Note	Issued Capital $	Vested Options $	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2015 – Restated (see Note 20)		**29,577,722**	**19,000**	**2,976,448**	**-**	**32,573,170**
Comprehensive Income for the period		-	-	-	-	**-**
Profit for the year – Restated (see Note 20)	19	-	-	2,494,513	-	2,494,513
Total comprehensive income for the year		**-**	**-**	**2,494,513**	**-**	2,494,513
Transactions with owners in their capacity as owners						
Issue of shares		7,620,197	-	-	-	**7,620,197**
Dividends paid or provided for	22	-	-	(1,550)	-	**(1,550)**
Balance at 30 June 2016		**37,197,919**	**19,000**	**5,469,411**	**-**	**42,686,330**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**49,845,950**	23,635,342
Payments to suppliers and employees		**(38,753,612)**	(18,323,264)
Interest received		**89,083**	237,508
Interest paid		**(2,441,775)**	(711,049)
Income tax paid		**(2,879,816)**	(1,671,495)
Net cash from operating activities		**5,859,830**	3,167,042
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**140,835**	24,389
Purchase of property, plant and equipment		**(1,655,305)**	(14,531,869)
Payments to acquire businesses, net of cash acquired		**(51,262,747)**	(21,357,918)
Receipts from release of prepaid contract funds under management		**-**	473,005
Payments of deferred consideration of business acquisitions		**(1,443,666)**	(1,300,000)
Net cash from investing activities		**(54,220,883)**	(36,692,393)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**-**	7,620,197
Payments for terminating options		**(30,000)**	-
Proceeds from bank loans		**40,260,099**	24,425,000
Repayment of bank loans		**(12,411,337)**	-
Proceeds from loan notes		**16,180,000**	-
Hire purchase payments		**(115,330)**	(60,338)
Dividends paid		**(2,500)**	(1,550)
Net cash from financing activities		**43,880,932**	31,983,309
Net increase in cash and cash equivalents held		**(4,480,121)**	(1,542,042)
Cash and cash equivalents at beginning of period		**11,267,122**	12,809,164
Effect of foreign currency		**56,278**	-
Cash and cash equivalents at end of financial year	6	**6,843,279**	11,267,122

The accompanying notes form part of these financial statements.

Propel Funeral Partners 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 – refer to Note 20. The financial statements are for the Group consisting of Propel Funeral Partners Limited and its subsidiaries.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report includes the consolidated financial statements and notes of Propel Funeral Partners Limited and Controlled Entities (Consolidated Group or Group).

The Group has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements).

These 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*.

The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 8 September 2017

(b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(c) Early adoption of new accounting standards

The Group has adopted AASB 15 *Revenue from Contracts with Customers* issued by the Australian Accounting Standards Board (**AASB**). This standard is applicable to annual reporting periods beginning on or after 1 January 2018, however as detailed in Note 1(q), the Group has elected to early adopt this standard, effective from 1 July 2016.

The Group has chosen to apply this standard retrospectively to each prior reporting period presented in accordance with AASB108 *Accounting Policies, Changes in Estimates and* Errors. The comparative period reflects the standard as if it had been adopted on 1 July 2015. Refer to Note 20 for details of the financial effects on the comparative financial information.

1 Summary of Significant Accounting Policies (continued)

(d) 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.

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.

(e) 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.

(f) Property, plant and equipment

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

In the event that the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

1 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

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% - 4.5%
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%

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.

(g) 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.

1 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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.

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) 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.

(ii) 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.

1 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

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.

De-recognition

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.

(h) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 1(d) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 1(i) for a description of impairment testing procedures.

(i) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

1 Summary of Significant Accounting Policies (continued)

(i) Impairment testing of goodwill, other intangible assets and property, plant and equipment (continued)

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash generating unit's recoverable amount exceeds its carrying amount.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

(k) 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.

Superannuation plan

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

(l) Other financial liabilities – contingent consideration

The contingent consideration is initially recognised at the present value of the Group's probability weighted estimate of the cash outflow. It reflects management's estimate of 100% probability that the target will be achieved and is discounted using an interest rate that is reflective of the time value of money and the risks specific to the liability.

1 Summary of Significant Accounting Policies (continued)

(m) Prepaid contracts

Prepaid contracts recognised in the financial statements represent tripartite agreements whereby the Group agrees to deliver a specified funeral service at the time of need and the customer, either, conditionally assigns and invests the contracted price of the service with the Group, or invests the current price with a financial institution and conditionally assigns the benefit to the Group.

As noted above in note 1(c), the early adoption of AASB 15 has resulted in a change to the accounting policy in respect of prepaid contracts. This change has resulted in the Group recognising funds invested with a financial institution (either directly or indirectly) where there is a contract in place and the funds have been conditionally assigned to the Group.

The Group records the value of the invested funds as a contract asset and recognises investment income on those funds in the reporting period in which it is earned. In accordance with AASB15, the Group considers that prepaid contracts contain a significant financing component and has determined that the appropriate discount rate to adjust the consideration is the Group's incremental borrowing rate. Consequently, the Group initially recognises the contracted price of the prepaid contract as a contract liability and increases this liability to reflect that financing component.

(n) 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.

(o) 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.

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.

1 Summary of Significant Accounting Policies (continued)

(o) Income tax (continued)

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.

Propel Funeral Partners 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.

(p) 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.

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.

1 Summary of Significant Accounting Policies (continued)

(q) Revenue and other income

AASB 15 provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for those good or services.

Revenue is recognised when the funeral, cremation or other services are performed or goods supplied. It is also at this point that the prepaid contract asset and liability are crystallised and this results in the contract asset being recognised as cash and the contract liability recognised in revenue.

Prepaid contracts

Contracts with customers in relation to prepaid funeral arrangements are presented in the Group's statement of financial position as a contract asset and a contract liability, or a receivable depending on the relationship between performance and payment.

As described in Note 1(m), the impact of AASB 15 will result in the Group recognising prepaid contracts held directly by the Group and with friendly societies in its statement of financial position (previously only prepaid contracts held directly by the Group were recognised in the statement of financial position). The impact on the statement of profit or loss and other comprehensive income is the recognition of investment income earned on those funds and a finance charge to reflect the financing component associated with the contract liability to provide future goods and services relating to prepaid contracts. In addition to this, administration fees charged at the time the prepaid contract is written will only be recognised upon completion of the contract (i.e. when the funeral service is provided). The initial impact on the statement of financial position as at 1 July 2015 will be an increase in assets and liabilities by the value of prepaid funds held with friendly societies on the adoption of AASB 15. The carrying value of the asset and contract liability will be also be impacted during each financial period by:

- the investment returns;
- the financing charge;
- contracts assumed via acquisitions of businesses;
- the sale of new prepaid contracts; and
- completion of contractual services.

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.

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.

1 Summary of Significant Accounting Policies (continued)

(r) 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.

(s) Functional and presentation currency

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the $AUD are translated into $AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged and/or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(t) 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.

1 Summary of Significant Accounting Policies (continued)

(t) Critical accounting estimates and judgments (continued)

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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Revenue and Other Income

	2017 $	2016 $
Contracts with customers revenue	**45,817,400**	22,304,697
Interest revenue	**89,083**	238,639
Investment income – prepaid contracts	**409,945**	163,327
Rental revenue	**196,894**	107,189
Net gain on uncompleted prepaid contracts	**-**	51,986
Other income		
- Gain on disposal of assets	**-**	1,390
- Commissions received	**57,798**	29,508
- Gain from derecognition of contingent consideration payable	**59,666**	635,060
- Other income	**37,039**	456
Total Revenue and Other Income	**46,667,825**	23,532,252

3 Expenses

The result for the year includes the following specific expenses

Cost of sales	**14,040,960**	7,136,028
Interest expense	**2,865,182**	733,017
Finance charge – prepaid contracts	**1,670,952**	742,327
Loss on disposal of property, plant and equipment	**23,389**	737
Rental expense on operating leases:		
- Minimum lease payments	**908,345**	490,920
Depreciation and amortisation expense	**1,733,920**	861,059
Net exchange (gains) and losses	**(9,217)**	(22,296)

4 Income Tax Expense

(a) The components of tax expense comprise:

	2017 $	2016 $
Current tax expense		
Current tax	**2,099,492**	1,360,139
Deferred tax expense		
Timing differences	**140,117**	(505,272)
Income tax expense for the period	**2,239,609**	854,867

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

	2017 $	2016 $
Prima facie tax payable on profit from ordinary activities before income tax at 30%		
- consolidated group	**1,687,513**	1,313,560
Add:		
Tax effect of:		
- other (non-assessable)/non-allowable items	**549,009**	(178,718)
- deferred tax liabilities acquired on acquisition	**-**	(279,975)
- difference in tax rates	**3,087**	-
Income tax expense	**2,239,609**	854,867

5 Tax Assets and Liabilities

(a) Current Tax Asset		
Income tax	**216,222**	-
(b) Current Tax Liability		
Income tax	**-**	328,822

5 Tax Assets and Liabilities (continued)

(c) Deferred Tax Assets - Consolidated

	Opening Balance $	Charged to Income / Acquired $	Closing Balance $
Deferred tax assets			
Provisions - trade receivables	-	2,563	2,563
Provisions - employee benefits	74,418	338,748	413,166
Accruals	-	13,985	13,985
Finance facility establishment costs and other	2,914	9,064	11,978
Balance at 30 June 2016	77,332	364,360	441,692
Provisions - trade receivables	**2,563**	**40,435**	**42,998**
Provisions - employee benefits	**413,166**	**33,051**	**446,217**
Accruals	**13,985**	**98,397**	**112,382**
Finance facility establishment costs and other	**11,978**	**61,494**	**73,472**
Balance at 30 June 2017	**441,692**	**233,377**	**675,069**

(d) Deferred Tax Liability - Consolidated

	Opening Balance $	Charged to Income / Acquired $	Closing Balance $
Deferred tax liability			
Property, plant and equipment			
- tax allowance	**33,007**	**1,229,594**	**1,262,601**
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**	**1,232,947**	**1,281,531**
Property, plant and equipment			
- tax allowance	**1,262,601**	**2,144,450**	**3,407,051**
Revaluation, net of related depreciation on acquisition	**14,242**	**-**	**14,242**
Accrued interest	**4,688**	**-**	**4,688**
Balance at 30 June 2017	**1,281,531**	**2,144,450**	**3,425,981**

6 Cash and Cash Equivalents

	2017 $	2016 $
CURRENT		
Cash on hand	**6,383**	5,209
Cash at bank	**6,836,896**	11,224,290
Other cash and cash equivalents	**-**	37,623
	6,843,279	11,267,122

7 Trade and Other Receivables

	2017 $	2016 $
CURRENT		
Trade receivables	**4,337,793**	2,444,489
Provision for impairment - charged to profit and loss	**(135,750)**	(8,653)
Provision for impairment - recognised against goodwill	**(323,643)**	(158,688)
	3,878,400	2,277,148
Accrued interest	**-**	69,625
	3,878,400	2,346,773

8 Prepayments

	2017 $	2016 $
CURRENT		
Prepayments	**537,305**	207,725
Deposits	**22,920**	4,900
	560,225	212,625

9 Inventories

	2017 $	2016 $
CURRENT		
Inventories – at cost	**1,264,086**	868,498

10 Prepaid Contracts

(a) Income statement impact of undelivered prepaid contracts

	2017 $	2016 $
Investment income - prepaid contracts	**409,945**	163,327
Finance charge - prepaid contracts	**(1,670,952)**	(742,327)
Net (loss) / gain	**(1,261,007)**	(579,000)

10 Prepaid Contracts (continued)

(b) Movements in prepaid contract assets

	2017 $	2016 $
Balance at the beginning of the year	**23,017,417**	4,156,249
Sale of new prepaid contracts	**3,429,146**	1,134,269
Redemption of prepaid contract funds following service delivery	**(2,261,615)**	(1,011,992)
Increase due to business combinations	**10,970,234**	19,252,732
Investment of prepaid funds	**-**	(677,168)
Increase due to investment returns	**409,945**	163,327
Balance at the end of the year	**35,565,127**	23,017,417
Contract assets – prepaid contracts expected to be realised within one year	**2,452,793**	1,587,424
Contract assets – prepaid contracts expected to be realised after one year	**33,112,334**	21,429,993
Total prepaid contract assets	**35,565,127**	23,017,417

(c) Movements in prepaid contract liabilities

	2017 $	2016 $
Balance at the beginning of the year	**24,216,807**	4,156,249
Sale of new prepaid contracts	**3,429,146**	1,134,269
Decrease following delivery of services	**(2,150,865)**	(1,069,573)
Increase due to business combinations	**10,970,234**	19,253,535
Increase due to finance charge applied in accordance with AASB 15	**1,670,938**	742,327
Balance at the end of the year	**38,136,260**	24,216,807
Contract liabilities – prepaid contracts expected to be realised within one year	**2,630,113**	1,670,141
Contract liabilities – prepaid contracts expected to be realised after one year	**35,506,147**	22,546,666
Total prepaid contract liabilities	**38,136,260**	24,216,807

In the year ended 30 June 2016, a prepaid trust lent a related property trust $750,000 from prepaid funds under management in accordance with investment parameters set out in prepaid trust legislation to assist with the financing of a property acquisition. This amount is reflected in property, plant and equipment in Note 11.

11 Property, Plant and Equipment

	2017 $	2016 $
NON-CURRENT		
Freehold land		
At cost	**20,891,395**	7,478,202
Total Land	**20,891,395**	7,478,202
Buildings		
At cost	**28,640,194**	17,211,559
Accumulated depreciation	**(1,108,095)**	(631,573)
Total buildings	**27,532,099**	16,579,986
Total land and buildings	**48,423,494**	24,058,188

11 Property, Plant and Equipment (continued)

	2017 $	2016 $
Plant and equipment		
At cost	**3,353,566**	930,411
Accumulated depreciation	**(388,692)**	(130,975)
Total plant and equipment	**2,964,874**	799,436
Furniture, fixture and fittings		
At cost	**842,669**	501,948
Accumulated depreciation	**(205,918)**	(118,432)
Total furniture, fixture and fittings	**636,751**	383,516
Motor vehicles		
At cost	**5,415,385**	2,794,478
Accumulated depreciation	**(1,103,214)**	(468,793)
Total motor vehicles	**4,312,171**	2,325,685
Office equipment		
At cost	**102,638**	55,060
Accumulated depreciation	**(42,363)**	(26,992)
Total office equipment	**60,275**	28,068
Improvements		
At cost	**1,438,693**	204,222
Accumulated depreciation	**(68,147)**	(26,210)
Total improvements	**1,370,546**	178,012
Low value asset pool		
At cost	**73,332**	46,373
Accumulated depreciation	**(35,820)**	(15,375)
Total low value asset pool	**37,512**	30,998
Other property, plant and equipment		
At cost	**198,681**	164,153
Accumulated depreciation	**(149,218)**	(28,772)
Total other property, plant and equipment	**49,463**	135,381
Total property, plant and equipment	**57,855,086**	27,939,284

Notes to the Financial Statements

For the Year Ended 30 June 2017

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:

Consolidated	Land $	Buildings $	Plant and Equipment $	Furniture, Fixtures and Fittings $	Motor Vehicles $	Office Equipment $	Improvements $	Low Value Asset Pool $	Other Property, Plant and Equipment $	Total $
Year ended 30 June 2016										
Balance at the beginning of year	7,478,202	16,579,986	799,436	383,516	2,325,685	28,068	178,012	30,998	135,381	27,939,284
Additions	31,237	3,967	722,304	-	552,746	47,578	534,825	9,507	25,812	1,927,976
Additions - business combinations	13,025,091	11,284,488	1,613,888	352,970	2,172,417	-	663,623	17,452	7,346	29,137,275
Disposals - written down value	-	(44,978)	(107)	(42,489)	(76,650)	-	-	-	-	(164,224)
Depreciation expense	-	(476,521)	(258,096)	(87,486)	(713,618)	(15,371)	(41,937)	(20,445)	(120,446)	(1,733,920)
Exchange differences	356,865	185,157	87,449	30,240	51,591	-	36,023	-	1,370	748,695
Balance at the end of the year	20,891,395	27,532,099	2,964,874	636,751	4,312,171	60,275	1,370,546	37,512	49,463	57,855,086

12 Intangible Assets

	Note	2017 $	2016 $
NON-CURRENT			
Goodwill - at cost		**63,550,153**	34,258,555

Balance at the beginning of the year	**34,258,555**	14,433,667
Additions through business combinations	**28,947,558**	19,824,888
Foreign currency translation	**344,040**	-
Closing value at 30 June	**63,550,153**	34,258,555

13 Trade and Other Payables

CURRENT		
Unsecured liabilities		
Trade payables	**2,496,117**	989,662
Deposits	**145,186**	113,145
GST payable	**665,510**	445,099
Sundry payables and accrued expenses	**1,769,878**	986,456
	5,076,691	2,534,362

14 Borrowings

	Note		
CURRENT			
Secured liabilities:			
Hire purchase liabilities	21(a)	**145,254**	96,406
Bank loan		**7,188,800**	3,249,000
		7,334,054	3,345,406

	Note		
NON-CURRENT			
Secured liabilities:			
Hire purchase liabilities	21(a)	**375,714**	267,221
Fixed rate notes		**19,450,917**	-
Bank loan		**45,084,962**	21,176,000
		64,911,593	21,443,221

(a) Bank loan facilities

The Group had a total of $Nil of undrawn borrowing facilities as at 30 June 2017. The bank loans are secured against the current and future assets and operations of the group.

14 Borrowings (continued)

(b) Fixed rate notes

During the year ended 30 June 2017 the Group issued $19,450,917 in unsecured fixed rate notes. The terms of the notes are:

- interest is payable at 8% p.a.
- the notes are repayable at the earlier of an IPO, 30 September 2021 or a change in control of the company.

15 Employee Benefits

	2017	2016
	$	$
CURRENT		
Employee benefits provisions	**1,873,509**	1,312,569
NON-CURRENT		
Employee benefits provisions	**282,355**	-

16 Other Financial Liabilities

	2017	2016
CURRENT		
Contingent consideration	**1,362,883**	2,425,246
NON-CURRENT		
Contingent consideration	**1,030,247**	718,650

	$
Movements in contingent consideration	
Opening balance at 1 July 2016	**3,143,896**
Additional contingent consideration	**702,555**
Contingent consideration paid out	**(1,443,666)**
Contingent consideration reversed	**(59,666)**
Unwinding of discount	**50,011**
Balance at 30 June 2017	**2,393,130**

The contingent consideration above relates to earn-out clauses from certain acquisitions made by the Group. There are a number of earnings and performance targets specific to certain entities acquired that are required to be met before the contingent consideration is paid. The estimated timing of the payment required for the contingent consideration is disclosed as above.

17 Issued Capital

	2017	2016
	$	**$**
Ordinary Shares - fully paid	**37,197,019**	37,197,019
Incentive Shares at 0.1 cents	**900**	900
	37,197,919	37,197,919

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	**30,432,486**	25,699,444
Shares issued on exercise of options during the period at $1.61 each	**-**	4,733,042
At the end of the reporting period	**30,432,486**	30,432,486

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

	No.	No.
At the beginning of the reporting period	**900,000**	900,000
At the end of the reporting period	**900,000**	900,000

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.

18 Option Reserve

	$	$.
Options over unissued shares in IFS	**-**	19,000

Options

No options are outstanding at 30 June 2017.

19 Retained Earnings

	2017	2016
	$	$
Retained earnings at the beginning of the financial year	**5,469,411**	2,976,448
Profit for the year	**3,385,437**	2,494,513
Dividends paid	**(2,500)**	(1,550)
Retained earnings at end of the financial period	**8,852,348**	5,469,411

20 First time adoption of AASB 15 and prior period adjustments

The Group has elected to early adopted AASB15, and had applied the standard retrospectively to the comparative period presented in this financial report. At 1 July 2015, prepaid contracts have been recognised on the balance sheet as a contract asset with a value equal to the cash held in trust or with a financial institution. The contract liability has been initially recognised at equal value as the contract asset, then accounted for as described in Note 1(m).

The Group has also adjusted comparative amounts in respect of the acquisition accounting for the business combinations which occurred in prior years in order to reflect deferred tax liabilities on properties purchased, expensing of stamp duty on properties as acquisition costs and the reclassification of funds under management to cash due to a related party loan to a property trust to purchase a property.

The following line items were restated:

30 June 2016	**Previous Amount**	**Adjustment**	**Restated Amount**
Statement of financial position (extract)	**$**	**$**	**$**
Current assets			
Cash	9,668,969	1,578,153	11,267,122
Customer deposits – monument works	-	381,182	381,182
Contract assets – prepaid contracts expected to be realised within one year	4,653,426	(3,066,002)	1,587,424
Contract assets – prepaid contracts expected to be realised after one year	-	21,429,993	21,429,993
Non-current assets			
Property, plant and equipment	28,389,536	(450,252)	27,939,284
Goodwill	33,530,075	728,480	34,258,555
Deferred tax assets	824,141	(382,449)	441,692
Current liabilities			
Deferred revenue	-	440,204	440,204
Contract liabilities – prepaid contracts expected to be realised within one year	4,582,838	(2,912,697)	1,670,141
Contract liabilities – prepaid contracts expected to be realised after one year	-	22,546,666	22,546,666
Non-current liabilities			
Deferred tax liabilities	107,347	1,174,184	1,281,531
Net assets / Total equity	43,715,582	(1,029,252)	42,686,330
Retained earnings	6,498,663	(1,029,252)	5,469,411

20 Changes in comparative amounts (continued)

30 June 2015	**Previous Amount**	**Adjustment**	**Restated Amount**
Statement of financial position (extract)	**$**	**$**	**$**
Current assets			
Contract assets – prepaid funerals expected to be realised within one year	1,119,753	283,430	1,403,183
Contract assets – prepaid funerals expected to be realised after one year	-	2,753,066	2,753,066
Current liabilities			
Contract liabilities – prepaid funerals expected to be realised within one year	1,119,753	283,430	1,403,183
Contract liabilities – prepaid funerals expected to be realised after one year	-	2,753,066	2,753,066
Net assets / Total equity	32,573,170	-	32,573,170

30 June 2016			
Statement of profit or loss and other comprehensive income (extract)			
Acquisition costs - stamp duty	(719,039)	(450,252)	(1,169,291)
Interest income	238,639	-	238,639
Interest expense	(733,017)	-	(733,017)
Investment income – Prepaid Funds	-	163,327	163,327
Finance charge – Prepaid Funds	-	(742,327)	(742,327)
Profit before income tax	4,378,632	(1,029,252)	3,349,380
Profit after income tax	3,523,765	(1,029,252)	2,494,513

21 Capital and Leasing Commitments

(a) Finance lease commitments

	2017	2016
	$	$
Payable - minimum lease payments:		
- no later than 1 year	**157,551**	108,761
- between 1 year and 5 years	**407,522**	264,748
Minimum lease payments	**565,073**	373,509
Less: finance changes	**(44,105)**	(9,882)
Present value of minimum lease payments	**520,968**	363,627

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

	2017	2016
Payable - minimum lease payments:		
- no later than 1 year	**903,745**	488,501
- between 1 year and 5 years	**2,902,427**	1,168,205
- greater than 5 years	**2,409,067**	2,325,603
	6,215,239	3,982,309

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

(c) Capital commitments

The Group has commitments of $491,720 for an office refurbishment in New Zealand, $121,013 for the purchase of a cremator and $450,000 for the purchase of land and buildings.

22 Dividends

	2017	2016
The following dividend was declared and paid:		
Unfranked vested options dividend	**2,500**	1,550

Franking account

	2017	2016
The franking credits available for subsequent financial years at a tax rate of 30%	**4,604,633**	2,457,579

The above available balance is based on the dividend franking account at year-end adjusted for:

- Franking credits that will arise from the payment of the current tax liabilities;
- Franking debits that will arise from the payment of dividends recognised as a liability at the year end; and
- 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

23 Key Management Personnel Disclosures

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

	2017 $	2016 $
Managers of the Company's subsidiaries	**1,614,241**	764,730

24 Controlled Entities

	Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Subsidiaries:			
PFP Finance Pty Ltd	Australia	**100**	100
FV (TAS) Pty Ltd	Australia	**100**	100
Millingtons Cemetery Services Pty Ltd	Australia	**100**	100
Millingtons Funeral Services Pty Ltd	Australia	**100**	100
Devonport Funeral Services Pty Ltd	Australia	**100**	100
Phillip Stephens Funeral Services Pty Ltd	Australia	**100**	100
FV (QLD) Pty Limited	Australia	**100**	100
South Burnett Funerals & Crematorium Pty Ltd	Australia	**100**	100
Gympie Funeral Services Pty Ltd	Australia	**100**	100
Leslie G Ross Funeral Services Pty Ltd	Australia	**100**	100
Premier Funeral Group Pty Ltd	Australia	**100**	100
Buderim Funeral Benefits Trust Fund	Australia	**100**	100
North Coast Funeral Benefits Trust Fund	Australia	**100**	100
Integrity Funeral Services Pty Ltd	Australia	**100**	100
Integrity Funeral Plan of Australia Trust Fund	Australia	**100**	100
FV (NSW) Pty Ltd	Australia	**100**	100
Coonamble Funeral Services Pty Ltd	Australia	**100**	100
Riverina Funeral Services Pty Ltd	Australia	**100**	100
WT Howard Funeral Services Pty Ltd	Australia	**100**	100
Tamworth & Gunnedah Funeral Services Pty Ltd	Australia	**100**	100
Before Use (3) 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**	100
Latrobe Valley Funeral Services Pty Ltd	Australia	**100**	0
F.W. Barnes Funeral Services Pty Ltd	Australia	**100**	0
Mildura Funeral Services Pty Ltd	Australia	**100**	0
FV (SA) Pty Ltd	Australia	**100**	100
Eyre Peninsula Funeral Services Pty Ltd	Australia	**100**	100
FV (WA) Pty Ltd	Australia	**100**	0

24 Controlled Entities (continued)

	Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
PFP (NZ) Limited	New Zealand	**100**	0
Far North Funeral Services Limited	New Zealand	**100**	0
Far North Memorial Gardens Limited	New Zealand	**99.9**	0
Davis Services Group Limited	New Zealand	**100**	0
Davis Funeral Services Limited	New Zealand	**100**	0
DFS Properties Whangarei Limited	New Zealand	**100**	0
Morris & Morris Limited	New Zealand	**100**	0
Hart Funerals Limited	New Zealand	**100**	0
Maunu Crematorium Limited	New Zealand	**100**	0
DFS Properties Auckland Limited	New Zealand	**100**	0
Funerals Made Simple Limited	New Zealand	**100**	0
Return To Sender Caskets Limited	New Zealand	**100**	0
FPT Pty Ltd	Australia	**100**	100
The Australian Funeral Properties Unit Trust	Australia	**100**	100
The Trustee For The Mornington Crematorium Unit Trust	Australia	**100**	100
FPT (NZ) Pty Ltd	Australia	**100**	100
The New Zealand Funeral Propertys Unit Trust	Australia	**100**	100

* Percentage of voting power is in proportion to ownership

25 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 2017.

26 Related Parties

The ultimate parent entity within and for the Group is Propel Funeral Partners Limited.

Details of the interests in subsidiaries are set out in Note 24.

Key management personnel disclosures are included in Note 23.

On 25 October 2012, the Company entered into a Management Agreement with Propel Investments Pty Limited, an entity associated with Peter Dowding, Fraser Henderson and Albin Kurti.

For the year ended 30 June 2017, management fees totalling $793,492 (2016: $745,771) were paid / are payable to the manager.

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.

27 Events after the end of the Reporting Period

Since 30 June 2017 the Group:

- completed the purchase of 100% of the issued share capital of Erceg McIntyre Pty Ltd, trading as Seasons Funerals (**Seasons**) (located in Perth, Western Australia);
- paid earn outs totalling approximately $0.31 million;
- exercised an option to acquire an adjoining property to Handley Funerals in Leongatha, Victoria for $0.36 million
- raised $19.5 million via the issue of unsecured fixed rate notes; and
- executed a Restated and Amended Secured Facilities Agreement with Westpac which resulted in an increase to the Group's senior debt facility limits by $5.5 million to $58.0 million, subject to shareholder approval relating to the provision of financial assistance relating to the acquisition of Seasons.

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.

28 Parent entity

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

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

	2017 $	2016 $
Statement of Financial Position		
Assets		
Current assets	**2,219,795**	26,387,363
Non-current assets	**54,879,176**	12,545,932
Total Assets	**57,098,971**	38,933,295
Liabilities		
Current liabilities	**(124,542)**	(1,581,028)
Non-current liabilities	**(21,206,207)**	(74,433)
Total Liabilities	**(21,330,749)**	(1,655,461)
Equity		
Issued capital	**37,197,919**	37,197,919
Retained earnings	**(1,429,697)**	79,915
Total Equity	**35,768,222**	37,277,834
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(1,509,692)**	(112,934)
Total comprehensive loss	**(1,509,692)**	(112,934)

29 Business combinations

On 19 July 2016, the Group agreed to pay $16,080,000 (excluding $217,421 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the shares of Latrobe Valley Funeral Services Pty Ltd and related properties.

The effective date of acquisition was 12 September 2016.

Details of this transaction are:

	2017 $
Cash consideration (net of cash acquired)	**15,910,777**
Stamp duty (excluded from Goodwill)	**217,421**
Total consideration	**16,128,198**

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

Debtors, net of provision for doubtful debts	**247,567**
Inventories	**86,112**
Prepayments	**53,290**
Plant and equipment	**529,819**
Properties	**4,850,000**
Contract assets – prepaid funerals	**5,776,750**
Trade and other payables	**(257,052)**
GST payable	**(80,118)**
Income tax liability	**(111,677)**
Employee benefits	**(225,217)**
Deferred tax liability	**(390,138)**
Contract liability – prepaid funerals	**(5,776,750)**
Net assets acquired	**4,702,586**
Goodwill	**11,208,191**
Cash consideration	**15,910,777**

29 Business combinations (continued)

On 22 September 2016, the Group agreed to pay $3,080,914 (excluding $85,833 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of FW Barnes & Son Funerals.

The effective date of acquisition was 24 October 2016.

Details of this transaction are:

	2017
	$
Cash consideration	3,080,914
Stamp duty (excluded from Goodwill)	85,833
Total consideration	**3,166,747**

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

Inventories	36,942
Other assets	2,368
Plant and equipment	150,730
Properties	1,475,000
Contract assets – prepaid funerals	2,852,059
Employee benefits	(44,884)
Deferred tax liabilities	(106,919)
Contract liability – prepaid funerals	(2,852,059)
Net assets acquired	**1,513,237**
Goodwill	1,567,677
Cash consideration	**3,080,914**

29 Business combinations (continued)

On 23 September 2016, the Group agreed to pay $1,002,440 (excluding $27,955 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of Michael Hutchinson Funerals.

The effective date of acquisition was 17 November 2016.

Details of this transaction are:

	2017
	$
Cash consideration	**814,733**
Contingent consideration	**187,707**
Stamp duty (excluded from Goodwill)	**27,955**
Total consideration	**1,030,395**

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

Prepayments	**18,320**
Inventories	**38,391**
Deferred tax asset	**1,414**
Plant and equipment	**86,494**
Employee benefits	**(4,712)**
Other liabilities	**(17,915)**
Net assets acquired	**121,992**
Goodwill	**880,448**
Cash and contingent consideration	**1,002,440**

29 Business combinations (continued)

On 14 March 2017, the Group agreed to pay NZ$24,799,237 to acquire 100% of the issued share capital of Davis Services Group Limited.

The effective date of acquisition was 1 May 2017.

Details of this transaction, converted at the exchange rate on the effective date of acquisition, are:

	2017
	$
Cash consideration	19,462,307
Fixed rate loan notes issued	3,253,857
Total consideration	22,716,164

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

Trade debtors (net of provision)	426,222
Other receivables	10,088
Prepayments	147,363
Inventories	267,621
Plant and equipment	3,137,753
Properties	13,799,579
Deferred tax assets	162,629
Trade creditors	(950,966)
Other payables	(54,254)
GST payable	(211,666)
Income tax payable	66,003
Prepaid funeral liabilities	(35,691)
Employee benefits	(377,263)
Deferred tax liabilities	(1,391,911)
Net assets acquired	14,995,507
Goodwill	7,720,657
Cash and loan note consideration	22,716,164

29 Business combinations (continued)

On 4 April 2017, the Group agreed to pay $9,530,560 (excluding $250,605 of stamp duty costs directly attributable to the acquisition) to acquire 100% of the business and assets of North West Funerals and EO James Funerals.

The effective date of acquisition was 16 May 2017.

Details of this transaction are:

	2017
	$
Cash consideration	**9,530,560**
Stamp duty (excluded from Goodwill)	**250,605**
Total consideration	**9,781,165**

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

Inventories	**116,576**
Plant and equipment	**637,223**
Properties	**4,185,000**
Contract assets – prepaid funerals	**2,341,425**
Employee benefits	**(62,236)**
Deferred tax liabilities	**(200,588)**
Contract liabilities – prepaid funerals	**(2,341,425)**
Net assets acquired	**4,675,975**
Goodwill	**4,854,585**
Cash consideration	**9,530,560**

29 Business combinations (continued)

On 5 January 2017, the Group agreed to pay NZ$3,153,942 to acquire 100% of the business and assets of Geards Funeral Home and Scotts Funeral Services.

The effective date of acquisition was 25 May 2017.

Details of this transaction, converted at the exchange rate on the effective date of acquisition, are:

	2017 $
Cash consideration	2,463,456
Contingent consideration	499,383
Total consideration	**2,962,839**

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

Prepayments	2,779
Inventories	40,824
Plant and equipment	285,677
Trade payables	(37,293)
Employee benefits	(10,099)
Deferred tax liabilities	(35,049)
Net assets acquired	246,839
Goodwill	2,716,000
Cash and contingent consideration	2,962,839

30 Company Details

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

Propel Funeral Partners Limited
Suite 4, Jones Bay Wharf
26-32 Pirrama Road
PYRMONT NSW 2009