Davis Funeral Services Limited

Financial Statements

For the year ended 31 March 2017

Davis Funeral Services Limited

Contents

For the year ended 31 March 2017

Independent Auditor's Report to the Members of Davis Funeral Services Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial statements, being a special purpose financial report, of Davis Funeral Services Limited (the Company), which comprises the statement of financial position as at 31 March 2017 and 31 March 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at 31 March 2017 and 31 March 2016 and its financial performance and its cash flows for the years then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis for qualified opinion

We were appointed as auditors of the Company in June 2017 and thus did not observe the counting of the physical inventories as at 31 March 2017 and 31 March 2016. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 March 2017 and 31 March 2016. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the years reported in the statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

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 statements' section of our report. We are independent of the entity in accordance with 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements has been prepared for the purpose of supporting the financial information to be included in a prospectus. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the prospectus and is appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, 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 statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 statements.

A further description of our responsibilities for the audit of the financial statements 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.

Nexia

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Dated: 15 October 2017
Sydney

Davis Funeral Services Limited

Directors' Declaration

For the year ended 31 March 2017

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The Directors of Company declare that, in their opinion:

1 the attached financial statements and notes thereto are prepared to support the financial information to be included in a prospectus, and:

(a) comply with Australian Accounting Standards to the extent described in Note 2 to the financial statements; and

(b) give a true and fair view of Company's financial position as at 31 March 2017 and 31 March 2016 and of its performance for the years ended on that date in accordance with the accounting policies to the extent described in Note 2 to the financial statements; and

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 Directors of the Company.

Albin Kurti
Director

Dated: 15/10/2017

Davis Funeral Services Limited

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2017

	Note	2017 $	2016 $
Revenue		**9,519,362**	9,990,974
Cost of sales		**3,687,205**	4,014,553
Gross profit		**5,832,157**	5,976,421
Other income		**-**	12,461
Interest income		**38,235**	48,834
Expenses			
Employee costs		**3,302,920**	3,271,834
Finance costs		**9,109**	6,700
Advertising expenses		**325,193**	311,204
Depreciation and amortisation expense		**346,753**	301,426
Occupancy expenses		**466,485**	526,592
Administrative expenses		**173,336**	154,542
Motor vehicle expenses		**278,909**	229,964
Other expenses	3	**172,878**	108,494
Profit before income tax		**794,809**	**1,126,960**
Income tax expense	4	**226,575**	321,898
Profit for the year		**568,234**	805,062
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive income for the year		**568,234**	805,062

The accompanying notes form part of these financial statements.

Davis Funeral Services Limited

Statement of Financial Position
As at 31 March 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	6	**457,414**	478,333
Trade and other receivables	7	**858,652**	992,338
Inventories	8	**71,133**	78,193
Other assets	9	**110,860**	80,750
Total current assets		**1,498,059**	1,629,614
Non-current assets			
Property, plant and equipment	10	**4,143,010**	4,086,835
Related party loans		**2,331,284**	2,146,950
Deferred tax assets		**84,256**	70,689
Total non-current assets		**6,558,550**	6,304,474
Total assets		**8,056,609**	7,934,088
Liabilities			
Current liabilities			
Trade and other payables	11	**551,885**	827,056
Borrowings	13	**1,964,759**	2,098,756
Employee benefits	12	**217,549**	198,513
Total current liabilities		**2,734,193**	3,124,325
Non-current liabilities			
Deferred tax liabilities		**454,891**	477,165
Total non-current liabilities		**454,891**	477,165
Total liabilities		**3,189,084**	3,601,490
Net assets		**4,867,525**	4,332,598
Equity			
Issued capital		**1,000,000**	1,000,000
Retained earnings		**3,867,525**	3,332,598
Total Equity		**4,867,525**	4,332,598

Davis Funeral Services Limited

Statement of Changes in Equity
For the year ended 31 March 2017

	Retained earnings	Issued capital	Total
	$	$	$
Balance at 1 April 2016	**3,332,598**	**1,000,000**	**4,332,598**
Profit for the year	**568,234**	**-**	**568,234**
Dividends paid or provided for	**(33,307)**	**-**	**(33,307)**
Balance at 31 March 2017	**3,867,525**	**1,000,000**	**4,867,525**
Balance at 1 April 2015	2,899,736	1,000,000	3,899,736
Profit for the year	805,062	-	805,062
Dividends paid or provided for	(372,200)	-	(372,200)
Balance at 31 March 2016	**3,332,598**	**1,000,000**	**4,332,598**

Davis Funeral Services Limited

Statement of Cash Flows
For the year ended 31 March 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		**11,109,124**	11,401,654
Payments to suppliers and employees		**(10,043,766)**	(9,856,257)
Interest received		**38,235**	48,834
Interest paid		**(9,109)**	(2,700)
Income tax paid		**(320,372)**	(419,770)
Net cash flows from operating activities	15	**774,112**	1,171,761
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**-**	86,387
Payments for property, plant and equipment		**(471,393)**	(424,779)
Net cash flows from investing activities		**(471,393)**	(338,392)
Cash flows from financing activities			
Net repayment of borrowings		**(290,331)**	(602,023)
Dividends paid		**(33,307)**	(372,200)
Net cash flows from financing activities		**(323,638)**	(974,223)
Net increase/(decrease) in cash and cash equivalents held		**(20,919)**	(140,854)
Cash and cash equivalents at beginning of financial year		**478,333**	619,187
Cash and cash equivalents at end of financial year		**457,414**	478,333

Notes to the Financial Statements
For the year ended 31 March 2017

1 General information

The financial statements is a special purpose financial report prepared to support the financial information to be included in a prospectus. The Directors have determined that the Company is not a reporting entity.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Summary of significant accounting policies

(a) Basis of preparation

In the Directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared to support financial information to be included in a prospectus.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The financial statements are presented in New Zealand dollars, which is Davis Funeral Services Limited's functional and presentation currency.

(b) 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.

(c) 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.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

2 Summary of significant accounting policies

(c) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including building and capitalised leased assets but excluding freehold land is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Class of asset	Depreciation rate
Buildings	2-2.5%
Property Improvements	25.0%
Computer Equipment and Software	50.0 - 60.0%
Plant and Equipment	15.6 - 80.4%
Motor Vehicles	13.0 - 36.0%
Furniture and Fittings	9.6% - 25.0%
Office Equipment	50.0%
Website	48.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company 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 the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

2 Summary of significant accounting policies

(e) 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 fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

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

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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.

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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

(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.

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

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets
At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Notes to the Financial Statements

For the year ended 31 March 2017

2 Summary of significant accounting policies

(e) Financial instruments (continued)

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in reserves in other comprehensive income.

(f) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the year are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer above for further discussion on the determination of impairment losses on financial assets.

(i) Trade and other payables

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

(j) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

2 Summary of significant accounting policies

(j) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

(k) Income tax

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

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 reporting period as well as unused tax losses.

Current and deferred tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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 measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements
For the year ended 31 March 2017

2 Summary of significant accounting policies

(l) 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 Inland Revenue Department (IRD). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the IRD is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the IRD are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

All revenue is stated net of the amount of goods and services tax (GST).

(i) Funeral Services
Revenue is recognised when the funeral, cremation or other services are performed or goods supplied.

(ii) 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.

(iii) 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.

(iv) Dividend revenue
Dividend revenue is recognised when the right to receive a dividend has been established.

(n) Critical accounting estimates and judgements
The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Significant accounting judgements, estimates and assumptions are described below:

(o) Provision for employee benefits
Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as described in the accounting policy below. The amount of these provisions would change should any of these factors change in the next 12 months.

(p) Provision for impairment of trade receivables
The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

(q) 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.

Davis Funeral Services Limited

Notes to the Financial Statements
For the year ended 31 March 2017

		2017 $	2016 $
3	**Other expenses**		
	Bad debts written off	**11,034**	38,859
	Professional fees	**28,806**	51,628
	Acquisition Costs	**131,877**	-
	Other operating costs	**1,161**	18,007
		172,878	108,494

4 Income tax

(a) The components of tax expense comprise:

	2017 $	2016 $
Current tax	**262,415**	362,257
Deferred tax	**(35,840)**	(40,359)
Income tax expense	**226,575**	321,898

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

	2017 $	2016 $
Prima facie tax payable on profit from ordinary activities before income tax at 28% (2016: 28%):	**222,547**	315,549
Add/less tax effect of:		
- Other non-allowable items	**4,028**	6,349
Income tax expense	**226,575**	321,898

5 Dividends

Dividends and distributions paid during or since year-end are as follows:

	2017 $	2016 $
Dividends Paid	**33,307**	372,200

6 Cash and cash equivalents

	2017 $	2016 $
Cash at bank	**457,414**	478,333

7 Trade and other receivables

	2017 $	2016 $
Current		
Trade receivables	**933,672**	1,040,470
Less: Provision for impairment of trade receivables	**(111,347)**	(78,154)
	822,325	962,316
Other receivables	**36,327**	30,022
Total current trade and other receivables	**858,652**	992,338

8 Inventories

	2017 $	2016 $
Current		
Inventory	**71,133**	78,193

Notes to the Financial Statements

For the year ended 31 March 2017

		2017 $	2016 $
9	**Other assets**		
	Current		
	Prepayments	**110,860**	80,750
10	**Property, plant and equipment**		
	Non-current		
	Land and buildings - at cost	**4,283,028**	4,263,137
	Less: accumulated depreciation	**(1,614,868)**	(1,533,896)
		2,668,160	2,729,241
	Leasehold improvements - at cost	**238,276**	-
	Less: accumulated depreciation	**(14,827)**	-
		223,449	-
	Plant & equipment - at cost	**1,203,082**	1,082,872
	Less: accumulated depreciation	**(571,841)**	(503,723)
		631,241	579,149
	Office equipment - at cost	**656,043**	610,044
	Less: accumulated depreciation	**(374,184)**	(318,465)
		281,859	291,579
	Motor vehicles - at cost	**704,806**	813,744
	Less: accumulated depreciation	**(478,375)**	(494,346)
		226,431	319,398
	IT equipment - at cost	**300,948**	178,254
	Less: accumulated depreciation	**(189,078)**	(130,987)
		111,870	47,267
	Capital work in progress - at cost	**-**	120,201
	Total property, plant and equipment	**4,143,010**	4,086,835
11	**Trade and other payables**		
	Current		
	Trade payables	**329,435**	562,364
	Sundry payables and accrued expenses	**222,450**	206,736
	Income tax payable	**-**	57,956
		551,885	827,056
12	**Provisions**		
	Current		
	Employee entitlements	**217,549**	198,513
13	**Borrowings**		
	Current		
	Bank loans	**175,995**	67,137
	Shareholder loans	**1,788,764**	2,031,619
		1,964,759	2,098,756

Notes to the Financial Statements
For the year ended 31 March 2017

		2017 $	2016 $

14 Contingencies and commitments

In the opinion of the Directors, the Company did not have any contingent liabilities or contingent assets at 31 March 2017.

15 Cash flow information

Reconciliation of net cash flows from operating activities with profit for the year

	2017 $	2016 $
Profit for the year	**568,234**	805,062
Non cash flows in profit:		
Depreciation & amortisation	**346,753**	301,426
Profit/Loss on disposal	**40,465**	16,074
Changes in assets and liabilities:		
- change in trade and other receivables	**133,686**	(88,953)
- change in inventories	**7,060**	7,380
- change in other assets	**(30,110)**	(80,750)
- change in deferred tax assets	**(13,567)**	(18,010)
- change in trade and other payables	**(217,215)**	257,814
- change in current tax liabilities	**(57,956)**	(39,623)
- change in provisions	**19,036**	33,690
- change in deferred tax liabilities	**(22,274)**	(22,349)
Net cashflow from operating activities	**774,112**	1,171,761

16 Events after the end of the reporting period

The financial report was authorised for issue on 15 October 2017 by the Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

17 Company details

The registered office of the company is:
Davis Funeral Services Limited
400 Dominion Road, Mount Eden, Auckland,
1024, New Zealand