Davis Services Group Limited

and Controlled Entities

Financial Statements

For the year ended 31 March 2017

Davis Services Group Limited
and Controlled Entities

Contents
For the year ended 31 March 2017

Nexia Australia

Independent Auditor's Report to the Members of Davis Services Group Limited and controlled entities

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial statements, being a special purpose financial report, of Davis Services Group Limited and controlled entities (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 March 2017 and 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Group 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 Group 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 Services Group Limited
and Controlled Entities

Directors' Declaration
For the year ended 31 March 2017

The Directors have determined that the Group 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 Group 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 Group'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 Group 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 Group.

Albin Kurti
Director

Dated: 15/10/2017

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

	Note	2017 $	2016 $
Revenue		**4,644,989**	5,000,536
Cost of sales		**1,692,124**	1,730,678
Gross profit		**2,952,865**	3,269,858
Other income		**78,115**	83,641
Interest income		**23,241**	42,324
Expenses			
Employee costs		**1,501,301**	1,536,054
Finance costs		**202,734**	261,274
Advertising expenses		**201,621**	230,201
Depreciation and amortisation expense		**240,121**	222,020
Occupancy expenses		**263,542**	239,689
Administrative expenses		**49,555**	68,154
Motor vehicle expenses		**43,612**	118,291
Other expenses	3	**268,830**	85,511
Profit before income tax		**282,905**	**634,629**
Income tax expense	4	**81,726**	177,930
Profit for the year		**201,179**	456,699
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive income for the year		**201,179**	456,699

Davis Services Group Limited
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Statement of Financial Position
As at 31 March 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	6	**502,160**	456,366
Trade and other receivables	7	**484,748**	971,742
Inventories	8	**60,820**	78,844
Other assets	9	**38,905**	19,148
Total current assets		**1,086,633**	1,526,100
Non-current assets			
Property, plant and equipment	10	**5,425,423**	5,466,115
Goodwill		**1,167,398**	1,167,909
Related party loan	11	**232,875**	212,875
Deferred tax assets		**74,413**	99,258
Total non-current assets		**6,900,109**	6,946,157
Total assets		**7,986,742**	8,472,257
Liabilities			
Current liabilities			
Trade and other payables	12	**565,422**	595,653
Borrowings	14	**5,408,357**	3,325,280
Employee benefits	13	**168,396**	164,888
Total current liabilities		**6,142,175**	4,085,821
Non-current liabilities			
Deferred tax liability		**507,774**	568,358
Borrowings	14	**539,362**	3,221,826
Total non-current liabilities		**1,047,136**	3,790,184
Total liabilities		**7,189,311**	7,876,005
Net assets		**797,431**	596,252
Equity			
Retained earnings		**797,431**	596,252
Total Equity		**797,431**	596,252

Davis Services Group Limited
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Statement of Changes in Equity
For the year ended 31 March 2017

	Retained earnings
	$
Balance at 1 April 2016	**596,252**
Profit for the year	**201,179**
Balance at 31 March 2017	**797,431**
Balance at 1 April 2015	139,553
Profit for the year	456,699
Balance at 31 March 2016	**596,252**

Davis Services Group Limited
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Statement of Cash Flows
For the year ended 31 March 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		**5,962,009**	5,502,680
Payments to suppliers and employees		**(4,662,684)**	(4,672,853)
Interest received		**23,241**	42,324
Interest paid		**(202,734)**	(261,274)
Income tax paid		**(100,422)**	(191,423)
Net cash flows from operating activities	16	**1,019,410**	419,454
Cash flows from investing activities			
Payments for property, plant and equipment		**(354,229)**	(208,230)
Net cash flows from investing activities		**(354,229)**	(208,230)
Cash flows from financing activities			
Net repayment of borrowings		**(619,387)**	(108,219)
Net cash flows from financing activities		**(619,387)**	(108,219)
Net increase in cash and cash equivalents held		**45,794**	103,005
Cash and cash equivalents at beginning of financial year		**456,366**	353,361
Cash and cash equivalents at end of financial year		**502,160**	456,366

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 Group 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 Director' opinion, the Group 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.

Critical accounting estimates
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 group'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.

(b) Principles of consolidation

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

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

(c) 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.

(d) 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

(d) 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 Group 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 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.

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.

(e) 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 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 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

(f) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group 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 Group 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 Group 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).

2 Summary of significant accounting policies

(f) Financial instruments (continued)

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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.

With the exception of available-for-sale equity instruments, 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.

(g) Impairment of non-financial assets

At each reporting date, the Group 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.

(h) 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.

(i) 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.

(j) 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.

(k) Employee benefits

Short-term employee benefits

Provision is made for the Group'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

(k) 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 Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group 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.

(l) 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.

2 Summary of significant accounting policies

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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.

(n) Revenue recognition

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

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.

(o) Critical accounting estimates and judgements

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

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.

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.

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.

		2017 $	2016 $
3	**Other expenses**		
	Bad debts written off	**13,933**	**34,393**
	Professional fees	**24,785**	**52,379**
	Acquisition Costs	**230,316**	**-**
	Other operating costs	**(204)**	**(1,261)**
		268,830	**85,511**

4 Income tax

(a) The components of tax expense comprise:

	2017 $	2016 $
Current tax	**117,465**	210,647
Deferred tax	**(35,739)**	(32,717)
Income tax expense	**81,726**	177,930

(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%):	**79,213**	177,696
Add/less tax effect of:		
- Other non-allowable items	**2,513**	234
Income tax expense	**81,726**	177,930

5 Dividends

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

No dividends have been declared or paid during or subsequent to year end.

6 Cash and cash equivalents

	2017 $	2016 $
Cash at bank	**502,160**	456,366

7 Trade and other receivables

	2017 $	2016 $
Current		
Trade receivables	**537,801**	1,177,356
Less: Provision for impairment of trade receivables	**(114,779)**	(206,680)
	423,022	970,676
Other receivables	**61,726**	1,066
Total current trade and other receivables	**484,748**	971,742

8 Inventories

	2017 $	2016 $
Current		
Inventory	**60,820**	78,844

Davis Services Group Limited
and Controlled Entities

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

		2017 $	2016 $
9	**Other assets**		
	Current		
	Prepayments	**38,905**	19,148
10	**Property, plant and equipment**		
	Non-current		
	Land and buildings - at cost	**4,656,881**	4,828,881
	Less: accumulated depreciation	**(496,225)**	(450,711)
		4,160,656	4,378,170
	Leasehold Improvements - at cost	**780,998**	780,998
	Less: accumulated depreciation	**(275,971)**	(246,533)
		505,027	534,465
	Plant & equipment - at cost	**382,851**	380,075
	Less: accumulated depreciation	**(207,559)**	(182,912)
		175,292	197,163
	Office equipment - at cost	**229,777**	223,518
	Less: accumulated depreciation	**(120,870)**	(109,688)
		108,907	113,830
	Motor vehicles - at cost	**770,903**	415,495
	Less: accumulated depreciation	**(333,959)**	(238,196)
		436,944	177,299
	IT equipment - at cost	**117,981**	117,538
	Less: accumulated depreciation	**(100,982)**	(92,249)
		16,999	25,289
	Capital works in progress	**21,598**	39,899
	Total property, plant and equipment	**5,425,423**	5,466,115
11	**Related party loans**		
	Non-current		
	Loan to RTSC	**232,875**	212,875
12	**Trade and other payables**		
	Current		
	Trade payables	**397,155**	258,934
	Sundry payables and accrued expenses	**168,267**	303,029
	Income tax payable	**-**	33,690
		565,422	595,653
13	**Provisions**		
	Current		
	Employee entitlements	**168,396**	164,888

14 Borrowings

	2017 $	2016 $
Current		
Bank loans	**2,818,611**	735,848
Related party entity loans	**2,331,399**	2,146,949
Shareholder loans	**258,347**	442,483
	5,408,357	3,325,280
Non-current		
Bank loans	**539,362**	3,221,826

15 Contingencies and commitments

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

16 Cash flow information

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

	2017 $	2016 $
Profit for the year	**201,179**	456,699
Non cash flows in profit:		
Depreciation & amortisation	**240,121**	222,020
Profit/Loss on disposal	**154,800**	-
Changes in assets and liabilities:		
- change in trade and other receivables	**486,994**	(391,574)
- change in other assets	**(19,246)**	(273,740)
- change in inventories	**18,024**	54,212
- change in deferred tax receivable	**24,845**	(14,583)
- change in intangible assets	**-**	38,124
- change in trade and other payables	**3,459**	301,544
- change in current tax liabilities	**(33,690)**	18,300
- change in provisions	**3,508**	25,662
- change in deferred tax liabilities	**(60,584)**	(17,210)
Net cashflow from operating activities	**1,019,410**	419,454

17 Events after the end of the reporting period

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

On 28 March 2017 all shares in Davis Funeral Services Limited were transferred to Davis Services Group Limited with an effective date of 1 April 2017.

18 Company details

The registered office of the company is:

Davis Services Group Limited
400 Dominion Road, Mount Eden, Auckland,
1024, New Zealand