

Half year report to 31 December 2020 for APS Savings Limited



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Directors' Report

The Directors of APS Savings Ltd present their report together with the Financial Statements for the half-year ended 31 December 2020. The Company is registered under the Corporations Act 2001.

Directors' details

The Directors in office at any time during, or since the end of the year are:

Name and Qualifications	Experience and Special Responsibilities
<p>Glen Milner, Age 69 Chair, B.Bus Public Admin, MAICD Appointed as a non-executive Director in October 2011. Retired as a Director in October 2020</p>	<p>Company Director ex-Bureau of Meteorology, Manager 48 years' experience</p>
<p>Kaye Kieni, Age 57 Chair, B.Bus (Acc), GDip Information Systems Master of Information Systems Management, Certificate in Governance and Risk Management, FCPA, MAICD Appointed as a non-executive Director in October 2014 and Chair in November 2020</p>	<p>Director, Finance, Productivity Commission 31 years' experience Director of parent – APS Benefits Group Ltd and its subsidiaries - APS Financial Planning Pty Ltd, APS Tax, Accounting and Business Services Pty Ltd, APS Mortgages Pty Ltd and APS Wills and Estates Pty Ltd. Director of related entities APS Benevolent Foundation Ltd and APS Benevolent Fund Ltd Audit Finance and Governance Committee</p>
<p>Sharon Morris, Age 49 Director, BA (Psych & Politics), GDip Public Relations and Counselling, MAICD Appointed as a non-executive Director in October 2014</p>	<p>General Manager for Australia and New Zealand, Chartered Institute of Procurement & Supply (CIPS) 26 years' experience Director of parent – APS Benefits Group Ltd</p>
<p>Kate Fazio, Age 35 Director, BA (Media & Comms), B Laws (Hons), GDip Legal Practice, GCert Social Impact, Masters of Social Impact and Philanthropy Appointed as a non-executive Director in October 2016</p>	<p>Head of Innovation and Engagement, Justice Connect 13 years' experience Director of parent – APS Benefits Group Ltd Audit Finance and Governance Committee</p>
<p>Meg Bonighton, Age 48 Director, B.Bus (Marketing), BA (Politics) Appointed as a non-executive Director in October 2018</p>	<p>Customer Service and Telstra Contact Centres Executive 24 years' experience Director of parent – APS Benefits Group Ltd Audit Finance and Governance Committee</p>
<p>Sean Carroll, Age 43 Director, Masters Organisational Psychology (Monash) BA and BCommerce (Monash), GAICD Appointed as a non-executive Director in October 2018</p>	<p>Managing Partner, By Many Pty Ltd 19 years' experience Director of parent – APS Benefits Group Ltd</p>
<p>Tim Chilvers, Age 49 Director, Masters of Applied Finance, Diploma of Financial Services, Bachelor of Business Appointed as a non-executive Director in October 2019</p>	<p>Managing Director, Navigate, Evolve, Lead Partner Consultant, Lighthouse Leadership and Development Faculty Head, Australian Institute of Coaching Partner, The Colin James Method 30 years' experience Director of parent – APS Benefits Group Ltd</p>
<p>Chris Stocks, Age 64 Director, BA (Economics and Statistics - Monash) GDip Public Policy and Management, Cert IV Workplace Assessment and Training, GAICD Appointed as a non-executive Director in October 2020</p>	<p>Consultant – Business Management ex-Public Service Executive, 40 years' experience Director of parent – APS Benefits Group Ltd</p>

The Company Secretary in office at the end of the year is:

Craig Walden, B.Bus (Acc), Diploma of Finance and Mortgage Broking Management. Craig has over 36 years' management experience including 9 years as the current Chief Executive Officer of APS Savings Ltd.

PRINCIPAL ACTIVITIES AND OBJECTIVES

The Company's principal activities during the half year were:

- To accept investments in the form of interest-bearing APS Notes and to make loans at interest to the APS Benefits Group Ltd.

APS Savings Limited is a wholly owned subsidiary of the APS Benefits Group Ltd and began trading in April 2012. The Company's strategy is to obtain sufficient funds to meet the demands of the parent.

Key performance indicators regularly reviewed by Directors in relation to the Company's performance include:

- investment and client growth
- profitability compared to budget
- financial and operational performance

FINANCIAL RESULTS

The surplus of the Company for the half-year after providing for income tax amounted to \$670,920 (2019: \$898,633).

SUBSEQUENT EVENTS

There has not been any matter, or circumstances, occurring subsequent to the end of the half-year that has 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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the half-year.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

DIVIDENDS

The Company did not pay dividends in relation to the half-year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in state of affairs of the Company occurred during the half-year.

OPTIONS, INDEMNITIES AND COURT PROCEEDINGS

No options over member interests in the Company or a controlled entity were granted during or since the end of the half-year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, except as noted below, during or since the end of the half-year, for any person who is or has been an officer or auditor of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the half-year, the Company paid a premium in respect of a contract insuring the directors (as named above) and company secretary of the Company, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, company secretary, or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

The Company has not otherwise, during or since the half year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred by the officer or auditor.

DIRECTORS' INTERESTS

The Directors are entitled to place investments with the Company under the same terms as all other investors. Subject to this, since the end of the previous half-year, no Director of the Company has received, or become entitled to receive any benefit by reason of a contract made by the Company with the Director, or with a Company in which the Director has a substantial interest.

DIRECTORS' BENEFITS

Directors are not remunerated by APS Savings Ltd and do not receive any entitlements from the Company.

DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors during the half year are summarised as follows:

	Held	Attended
G Milner	1	1
K Kieni	1	1
S Morris	1	-
K Fazio	1	-
M Bonighton	1	1
S Carroll	1	1
T Chilvers	1	1
C Stocks	-	-

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the half-year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 5.

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



Chair – K Kieni



Director – C Stocks

Dated this 15th day of March 2021.

Auditor's Independence Declaration

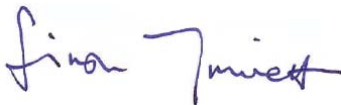
To the Directors of APS Savings Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of APS Savings Ltd for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



S C Trivett
Partner – Audit & Assurance

Melbourne, 15th March 2021

APS Savings Ltd 31 December 2020 Half Year Report

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2020

Income	Note	Half-year ended 31 Dec 2020 \$	Half-year ended 31 Dec 2019 \$
Interest received - APSBS	2	2,586,543	2,685,592
Interest/fees received – other	2	<u>21</u>	<u>54</u>
Total income		<u>2,586,564</u>	<u>2,685,646</u>
Expenses			
General administration		(37,331)	(75,245)
Depreciation and amortisation		(1,202)	(1,410)
Interest - APS Noteholders		<u>(1,622,623)</u>	<u>(1,369,497)</u>
Total expenses		<u>(1,661,156)</u>	<u>(1,446,153)</u>
Profit before tax		<u>925,408</u>	<u>1,239,493</u>
Income tax expense		<u>(254,487)</u>	<u>(340,860)</u>
Net profit after tax		<u>670,921</u>	<u>898,633</u>
Total comprehensive income		<u>670,921</u>	<u>898,633</u>

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	at 31 Dec 2020 \$	at 30 June 2020 \$
Current Assets			
Cash and cash equivalents	3	1,407,067	2,062,106
Trade and other receivables	4	<u>91,728,130</u>	<u>82,022,488</u>
Total Current Assets		92,135,197	84,084,594
Non-current Assets			
Other financial assets		10,000	10,000
Plant and equipment	6	<u>22,847</u>	<u>24,049</u>
Total Non-Current Assets		<u>32,847</u>	<u>34,049</u>
Total Assets		<u>93,168,044</u>	<u>84,118,643</u>
Current Liabilities			
Trade Creditors	5	37,947	55,728
APS Noteholders	5	<u>70,704,326</u>	<u>67,600,016</u>
Total Current Liabilities		70,742,273	67,655,744
Non-Current Liabilities			
APS Noteholders	5	14,396,659	9,104,708
Deferred Tax Liability		<u>6,613</u>	<u>6,613</u>
Total Non-Current Liabilities		<u>14,403,272</u>	<u>9,111,321</u>
Total Liabilities		<u>85,145,545</u>	<u>76,767,065</u>
Net Assets		<u>8,022,499</u>	<u>7,351,578</u>
Equity			
Contributed Equity		1,000,000	1,000,000
Retained Earnings		6,351,578	5,243,838
Current Year Earnings		670,921	1,107,740
Total Equity		<u>8,022,499</u>	<u>7,351,578</u>

Notes to the financial statements are included on pages 8 to 10

STATEMENT OF CHANGES IN EQUITY

For the Half-Year ended 31 December 2020	\$
Balance at 1 July 2020	7,351,578
Profit for the period	<u>670,921</u>
Balance at 31 December 2020	8,022,499

For the Half-Year ended 31 December 2019	\$
Balance at 1 July 2019	6,243,838
Profit for the period	<u>898,633</u>
Balance at 31 December 2019	7,142,471

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	Half-year ended 31 Dec 2020 \$	Half-year ended 31 Dec 2019 \$
Operating activities		
Payments to suppliers	(55,112)	(55,246)
Interest paid	(1,622,623)	(1,369,497)
Tax paid	(254,487)	(340,860)
Payment for property plant and equipment	-	-
Interest received	<u>4,505,371</u>	<u>4,272,995</u>
Net cash from operating activities	2,573,149	2,507,392
Financing activities		
Deposits from investors	8,396,261	12,476,640
Loan to APS Benefits	<u>(11,624,449)</u>	<u>(13,771,223)</u>
Net cash used in financing activities	(3,228,188)	(1,294,583)
Net change in cash and cash equivalents	(655,039)	1,212,809
Cash at the beginning of the financial half-year	<u>2,062,106</u>	<u>473,622</u>
Cash at the end of the financial half-year	<u>1,407,067</u>	<u>1,686,431</u>

Notes to the financial statements are included on pages 8 to 10

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

APS Savings Ltd (APSS) is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

This half-year financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The half-year financial report was approved by the Board of Directors on 15th March 2021.

Significant Accounting Policies

Other than the new or amended accounting policies outlined below, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the Company's last annual financial report for the year ended 30 June 2020 with the following updates.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company are:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

The adoption of these standards had no impact on the Company's financial results or position.

Going concern

The financial statements have been prepared assuming the Company is a going concern. In order for the Company to continue to operate as a going concern, the Company is reliant on the continuing financial support of its parent entity, APS Benefits Group Ltd. It is also reliant on the ability to call upon the loan receivable from APS Benefits Group Ltd which amounts to \$91,728,130 (June 2020: \$82,022,488).

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	at 31 December 2020	at 31 December 2019
	\$	\$
NOTE 2 REVENUE		
Interest on loan to APS Benefits	2,586,543	2,685,592
Other interest/income	21	54
	<u>2,586,564</u>	<u>2,685,646</u>

	at 31 December 2020	at 30 June 2020
	\$	\$
NOTE 3 CASH AND CASH EQUIVALENTS		
Cash at Bank	1,407,067	2,062,106

	at 31 December 2020	at 30 June 2020
	\$	\$
NOTE 4 TRADE AND OTHER RECEIVABLES		
CURRENT		
Loan to APS Benefits	91,728,130	82,022,488
Trade debtors	-	-
	<u>91,728,130</u>	<u>82,022,488</u>

Debenture Notes Issued are loaned to the related party APS Benefits Group Ltd at interest.

	at 31 December 2020	at 30 June 2020
	\$	\$
NOTE 5 TRADE AND OTHER PAYABLES		
CURRENT		
Trade Creditors	37,947	55,728
Debenture Notes issued	<u>70,704,326</u>	<u>67,600,016</u>
	<u>70,742,273</u>	<u>67,655,744</u>
NON-CURRENT		
Debenture Notes issued	14,396,659	9,104,708

The Company accepts investments in the form of interest-bearing Debenture Notes from members and makes loans at interest to related party APS Benefits Group Ltd. The Company's obligation to repay is secured by the Company and APS Benefits Group Ltd.'s present and future property, assets and undertaking. The Debenture Notes are repaid to members at the end of the note term.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$
Gross carrying amount	
Balance at 30 June 2019	<u>47,685</u>
Additions	-
Balance at 30 June 2020	<u>47,685</u>
Additions	-
Balance at 31 December 2020	<u>47,685</u>
Accumulated Depreciation	
Balance at 30 June 2019	<u>20,964</u>
Depreciation expense	2,672
Balance at 30 June 2020	<u>23,636</u>
Depreciation expense	1,202
Balance at 31 December 2020	<u>24,838</u>
Net Book Value	
As at 30 June 2020	24,049
As at 31 December 2020	<u>22,847</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 7 SEGMENT REPORTING

There is only one reportable segment based on the aggregation criteria in AASB 8. The business operates only within Australia.

NOTE 8 CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that the Company needs to provide for.

NOTE 9 SHARE CAPITAL

The share capital of APS Savings Ltd consists only of fully paid ordinary shares.

	31/12/2020	30/6/2020
Shares beginning of year	1,000,000	1,000,000
Share issue	-	-
Total shares issued	1,000,000	1,000,000

NOTE 10 EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial period 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 financial years.

DIRECTORS' DECLARATION

The Directors declare that:

1. The financial statements and notes, as set out on pages 6 to 10, are in accordance with the *Corporations Act 2001*:
 - (a) comply with accounting standards and the Corporations Regulations 2001 and Australian Accounting Standard AASB134 'Interim Financial Reporting'; and
 - (b) give a true and fair view of the entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the entity 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 made pursuant to Section 303(5) of the Corporations Act 2001.



Chair – K Kieni



Director – C Stocks

Dated this 15th day of March 2021.

Independent Auditor's Report

To the Members of APS Savings Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of APS Savings Ltd (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half 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 Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Emphasis of Matter: Basis of Preparation

We draw attention to Note 1 in the financial report which discloses the entity's basis of preparation. The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

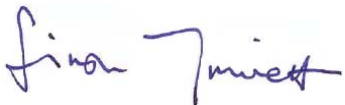
Auditor's responsibilities for the audit of the financial report

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

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



S C Trivett
Partner – Audit & Assurance

Melbourne, 15th March 2021