



APS Savings Ltd 2021 Financial Report

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440 William Street, West Melbourne 3003
Telephone: (03) 9322 2000 or 1300 131 809
www.apsbenefitsgroup.com.au e-mail: info@apssavings.com.au
ACN: 150 630 694 AFSL No: 405934

Directors' report

The Directors of APS Savings Ltd present their report together with the Financial Statements for the financial year ended 30 June 2021. The Company is registered under the Corporations Act 2001.

Directors' details

The Directors of APS Savings Ltd during, or since the end of the year are:

Name and Qualifications	Experience and Special Responsibilities
<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>Company Director Ex Director, Finance, Productivity Commission 31 years' experience Audit Finance and Governance Committee Director of parent – APS Benefits Group Ltd and its subsidiaries - APS Financial Planning Pty Ltd, APS Tax, Accounting and Business Services Pty Ltd, APS Wills and Estates Pty Ltd. Director of related entities – APS Benevolent Foundation Ltd and APS Benevolent Fund Ltd</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) 27 years' experience Remuneration Committee and Chair, Engagement Committee 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, Master 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 Engagement Committee Director of parent – APS Benefits Group Ltd</p>
<p>Meg Bonighton, Age 48 Director, B.Bus (Marketing), BA (Politics) Appointed as a non-executive Director in October 2018</p>	<p>Executive, Customer Management and Loyalty 24 years' experience Audit Finance and Governance Committee Director of parent – APS Benefits Group Ltd Director Telstra Super Pty Ltd</p>
<p>Sean Carroll, Age 44 Director, Masters Organisational Psychology (Monash) BA and BCommerce (Monash), GAICD Appointed as a non-executive Director in October 2018</p>	<p>Managing Partner, ByMany Pty Ltd 19 years' experience Chair, Remuneration Committee Director of parent – APS Benefits Group Ltd Director ByMany Pty Ltd</p>
<p>Tim Chilvers, Age 49 Director, Masters of Applied Finance, Dip Fin Serv, BBus Appointed as a non-executive Director in October 2019</p>	<p>Managing Director, Navigate Evolve Lead 31 years' experience Engagement Committee and Chair Audit Finance and Governance Committee Director of parent – APS Benefits Group Ltd Director Carey Grammar School</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, 41 years' experience Director of parent – APS Benefits Group Ltd</p>
<p>Glen Milner, Age 69 Director, B.Bus Public Admin, MAICD Appointed as a non-executive Director in October 2011 and retired as a Director in October 2020</p>	<p>Company Director ex-Bureau of Meteorology, Manager 49 years' experience Audit Finance & Governance, Engagement and Remuneration Committees 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, MAICD. Craig has over 36 years' management experience including 19 years as the current Chief Executive Officer of APS Benefits Group Ltd.

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Principal activities and objectives

The Company's principal activities during the year were:

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

APS Savings Ltd is a wholly owned subsidiary of the APS Benefits Group Ltd (APSBG) 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 year after providing for income tax amounted to \$1,407,473 (2020: \$1,107,740).

Dividends

The Company does not pay dividends.

Review of operations

The results of the Company's operations did not change significantly from those of the previous year.

Significant changes in state of affairs

There were no significant changes in state of affairs of the Company during the year.

Likely developments, business strategies and prospects

No matter, circumstance or likely development in the operations has arisen since the end of the financial year occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the:

1. operations of the Company;
2. results of those operations;
3. state of affairs of the Company

in future financial years.

The Company will continue to look for ways to achieve steady growth.

Indemnifying officer or auditor

Insurance premiums have been paid to insure each of the Directors and officers of the Company, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Company. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

Directors' meetings

The number of Board or Committee meetings attended by each of the Directors during the financial year are summarised as follows:

	Board		Audit/Finance/Governance	
	Held	Attended	Held	Attended
K Kieni	5	5	3	3
S Morris	5	4	-	-
K Fazio	5	3	-	-
M Bonighton	5	4	3	3
S Carroll	5	4	-	-
T Chilvers	5	4	3	3
C Stocks	4	4	2	2
G Milner	2	2	1	1

Directors' benefits

APS Savings Ltd 2021 Financial Report

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

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 financial 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.

Environmental issues

The Group's operations are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

Auditors Independence

The auditors have provided the declaration of independence to the board as prescribed by the Corporations Act 2001 as set out on page 6.

This report is made in accordance with a resolution of the board of Directors and is signed for and on behalf of the Directors by:



Chair – K Kieni



Director – C Stocks

Dated this 13th day of September 2021.

Auditor's Independence Declaration

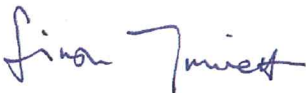
To the Directors of APS Savings Ltd

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 year ended 30 June 2021, 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, 13 September 2021

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

Income	Note	Year ended 30 June 2021	Year ended 30 June 2020
		\$	\$
Interest received - APSBG	2	5,480,799	4,505,350
Sundry income	2	<u>25</u>	<u>83</u>
Total income		5,480,824	4,505,433
Expenses			
General administration		(138,265)	(123,798)
Depreciation and amortisation		(2,405)	(2,672)
Interest - APS Noteholders		<u>(3,438,164)</u>	<u>(2,851,046)</u>
Total expenses		<u>(3,578,834)</u>	<u>(2,977,516)</u>
Profit before tax		<u>1,901,990</u>	<u>1,527,917</u>
Income tax expense	4	<u>(494,517)</u>	<u>(420,177)</u>
Net profit after tax		<u>1,407,473</u>	<u>1,107,740</u>
Total comprehensive income		<u>1,407,473</u>	<u>1,107,740</u>

Statement of financial position

For the year ended 30 June 2021

	Note	at 30 June 2021	at 30 June 2020
		\$	\$
Current assets			
Cash and cash equivalents	5	4,640,032	2,062,106
Trade and other receivables	6	<u>107,200,325</u>	<u>82,022,488</u>
Total current assets		111,840,357	84,084,594
Non-current assets			
Other financial assets		10,000	10,000
Plant and equipment	8	<u>21,644</u>	<u>24,049</u>
Total non-current assets		<u>31,644</u>	<u>34,049</u>
Total assets		111,872,001	84,118,643
Current liabilities			
Trade and other payables	7	60,982	55,728
APS noteholders	7	<u>77,310,702</u>	<u>67,600,016</u>
Total current liabilities		77,371,684	67,655,744
Non-current liabilities			
APS noteholders	7	24,735,639	9,104,708
Deferred tax liability	4	<u>5,627</u>	<u>6,613</u>
Total non-current liabilities		<u>24,741,266</u>	<u>9,111,321</u>
Total liabilities		<u>102,112,950</u>	<u>76,767,065</u>
Net assets		<u>9,759,051</u>	<u>7,351,578</u>
Equity			
Contributed equity		2,000,000	1,000,000
Retained earnings		6,351,578	5,243,838
Current year earnings		1,407,473	1,107,740
Total equity		<u>9,759,051</u>	<u>7,351,578</u>

These statements should be read in conjunction with the notes to the financial statements on pages 9 to 16

Statement of changes in equity

For the year ended 30 June 2021

	Retained Earnings \$	Share Capital \$	Total \$
Balance at 1 July 2019	5,243,838	1,000,000	6,243,838
Surplus for the period	<u>1,107,740</u>	-	<u>1,107,740</u>
Balance at 30 June 2020	6,351,578	1,000,000	7,351,578
Balance at 1 July 2020	6,351,578	1,000,000	7,351,578
Additional Share Capital	-	1,000,000	-
Surplus for the period	<u>1,407,473</u>	-	<u>1,407,473</u>
Balance at 30 June 2021	7,759,051	2,000,000	9,759,051

Statement of cash flows

For the year ended 30 June 2021

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Operating activities			
Payments to suppliers		(133,011)	(85,570)
Interest paid		(3,417,027)	(2,831,691)
Interest received		<u>4,505,375</u>	<u>4,273,024</u>
Net cash from operating activities	12	955,337	1,355,763
Investing activities			
Deposits from investors		25,320,480	17,976,695
Receipt of capital contributions		1,000,000	-
Loan to APS Benefits Group		<u>(24,697,891)</u>	<u>(17,743,974)</u>
Net cash provided by investing activities		1,622,589	232,721
Net change in cash and cash equivalents			
Cash at the beginning of the financial year		<u>2,062,106</u>	<u>473,622</u>
Cash at the end of the financial year	5	<u>4,640,032</u>	<u>2,062,106</u>

These statements should be read in conjunction with the notes to the financial statements on pages 9 to 16

Notes to the financial statements

Note 1: Statement of Significant Accounting Policies

The general purpose financial statements of the entity have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). APS Savings Ltd is a for-profit entity for the purpose of preparing the financial statements.

General information

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

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs.

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 amended accounting standards and interpretations issued by the Australian Accounting Standards Board during the year that were mandatory were adopted. None of these amendments or interpretations affected any of the amounts recognised or disclosures in the current or prior year. The following IFRS Interpretations Committee (IFRIC) agenda decisions were adopted during the year.

IFRIC agenda decision on Software-as-a-Service (SaaS) arrangements

The IFRIC has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The adoption of the above agenda decisions has not had an impact on the Company.

Going concern

These 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 \$107,200,325 (June 2020: \$82,022,488).

The accounting policies set out below have been consistently applied for all years presented.

Accounting policies

a. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

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Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b. **Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and 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.

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 income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	3 –50%

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 or losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. **Financial instruments**

None of the company's financial assets are secured by collateral or other credit enhancements.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Additionally, in accordance with AASB9, the Company assesses expected credit losses and raises a provision where forward looking analysis indicates a potential future increase in credit risk.

d. **Impairment of assets**

At each reporting date, the Company reviews the carrying values of its tangible 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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e. **Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

f. **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.

g. **Revenue**

Interest revenue is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

h. **Goods and services tax (GST)**

The Company adheres to the financial institutions' framework of GST legislation.

i. **Events after the balance sheet date**

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 financial years.

j. **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

k. **Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report 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.

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

	30 June 2021	30 June 2020
	\$	\$
Note 2 Revenue		
Interest on loan to APS Benefits	5,480,799	4,505,350
Other interest	25	83
	5,480,824	4,505,433

Note 3 Operating Surplus

Operating surplus has been arrived at after charging the following items:

Depreciation and amortisation	2,405	2,672
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Note 4 Income Taxes

Income tax expense

Profit before tax	1,901,990	1,527,917
Income tax calculated at 26% (2020: 27.5%)	494,517	420,177
Actual tax expense	494,517	420,177

Tax expense comprises:

Current tax expense	495,143	420,913
Deferred tax expense	(986)	(736)
Tax expense	494,517	420,177

Deferred tax asset

Balance at beginning of year	-	-
(Decrease)/increase for the year	-	-
	-	-

Deferred tax liability

Balance at beginning of year	6,613	7,349
(Decrease)/increase for the year	(986)	(736)
	5,627	6,613

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Note 5 Cash and Cash Equivalents

Cash at Bank	4,640,032	2,062,106
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Note 6 Trade and Other Receivables

Current

Trade Debtors	-	-
Loan to APS Benefits	<u>107,200,325</u>	<u>82,022,488</u>
	<u>107,200,325</u>	<u>82,022,488</u>

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

Note 7 Trade and Other Payables

Current

Trade Creditors	60,982	55,728
Debenture Notes issued	<u>77,310,702</u>	<u>67,600,016</u>
	<u>77,371,684</u>	<u>67,655,744</u>

Non-Current

Debenture Notes issued	<u>24,735,639</u>	<u>9,104,708</u>
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The average credit period on purchases of goods and services is 30 days. No interest is charged on trade payables for the first 60 days from the date of invoice. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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 8 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 30 June 2021	<u>47,685</u>
Accumulated depreciation	
Balance at 30 June 2019	<u>20,964</u>
Depreciation expense	<u>2,672</u>
Balance at 30 June 2020	<u>23,636</u>
Depreciation expense	<u>2,405</u>
Balance at 30 June 2021	<u>26,041</u>
Net book value	
As at 30 June 2020	<u>24,049</u>
As at 30 June 2021	<u>21,644</u>

Note 9 Segment Reporting

There is only one reportable segment based on the aggregation criteria in AASB8. The business operates within Australia only.

Note 10 Contingent Liabilities

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

Note 11 Commitments

The Directors are not aware of any commitments that the Company needs to disclose.

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Note 12 Reconciliation of Cash Flows from Operating Activities

	30 June 2021	30 June 2020
	\$	\$
Cash flows from operating activities		
Profit for period	1,407,473	1,107,740
Non cash flows in profit		
- Depreciation	2,405	2,672
Changes in assets and liabilities		
- Increase) in accrued interest receivable	(975,449)	(232,409)
- Increase in payables	<u>520,908</u>	<u>477,760</u>
Net cash from operating activities	955,337	1,355,763

Note 13 Related Party Transactions

Related party transactions consist of a \$107,200,325 (2020: \$82,022,488) loan to APS Benefits Group Ltd, interest earned of \$5,480,799 (2020: \$4,505,350) on the loan to APS Benefits Group Ltd and a \$14,400 (2020: 14,400) administration management fee that relates to employee expenses as there are no employees directly paid by APS Savings Ltd. There were no related party transactions that incorporate special terms and conditions and no guarantees given or received. The interest charged is on normal terms and conditions available to anyone.

Note 14 Key Management Personnel

There were no employees paid directly by APS Savings Ltd, however there were directors of the Company and key management personnel paid by APS Benefits Group Ltd that have Notes with the Company. The interest paid on these deposits is on normal terms and conditions available to anyone.

Notes held by key management personnel

	2021	2020
	\$	\$
Balance 1 st July	448,894	262,285
Change in key management	-	(67,737)
Additional Deposits	151,520	383,080
Interest Received	20,667	12,636
Redemptions	<u>(47,519)</u>	<u>(141,370)</u>
Balance 30 th June	573,562	448,894

Note 15 Share Capital

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

	No. of Shares 2021	No. of Shares 2020	30 June 2021 \$	30 June 2020 \$
Balance as at 1 July	1,000,000	1,000,000	1,000,000	1,000,000
Shares issued during the year	<u>1,000,000</u>	-	<u>1,000,000</u>	-
Balance as at 30 June	2,000,000	1,000,000	2,000,000	1,000,000

Additional shares issued to the Company's parent entity, APS Benefits Group Ltd.

Note 16 Finance Costs and Finance Income

Finance costs for the reporting period consist of the following:

Interest expense on Debenture Notes	3,438,164	2,851,046
Interest income from cash and cash equivalents	25	83
Interest income from loan to related party	<u>5,480,799</u>	<u>4,505,350</u>
Total interest income	5,480,824	4,505,433

Note 17 Auditors Remuneration

Audit and review of financial statements	18,150	20,000
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Note 18 Fair Value Measurement of Financial Instruments

Fair value of financial assets and liabilities:

A review of the fair value calculation indicated that there were no significant variances between the book and fair values for the Company. As a result, the fair value details have not been included. Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability.

The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Company and there is no active market to assess the value of the financial assets and liabilities. Assets where the fair value is lower than the book value have not been written down in the accounts of the Company on the basis that they are to be held to maturity, or in the case of loans, all amounts due are expected to be recovered in full.

The fair value estimates were determined by the following methodologies and assumptions:

The carrying values of cash and cash equivalents redeemable within 3 months approximate their fair value as they are short term in nature or are receivable on demand.

As the loan receivable from APS Benefits is a variable rate loan, the amount shown in the Statement of Financial Position is considered to be a reasonable estimate of fair value.

The fair value of fixed rate debentures repricing within twelve months is the amount shown in the Statement of Financial Position as at June 30. Discounted cash flows (based upon the deposit type and its related maturity) were used to calculate the fair value of other debentures however no material difference between fair value and carrying value was determined.

Note 19 Financial Instrument Risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk.

The Company focuses on actively securing its short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial loans to APS Benefits are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company are exposed are described below.

Market risk analysis - interest rate sensitivity

The Company is exposed to changes in the market interest rates through bank deposits at variable interest rates. Other deposits are at fixed interest rates. The Company pays a fixed interest rate on all Debentures Notes received. The Company then lends the money received from Debenture Notes to APS Benefits Group Ltd.

The exposure to interest rates for the Company's cash at bank is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2020: 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to change in interest rates. All other variables are held constant.

2021

Financial assets	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Cash and cash equivalents	46,400	(46,400)	46,400	(46,400)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	1,072,003	(1,072,003)	1,072,003	(1,072,003)

Financial liabilities	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Debenture Notes	(1,020,463)	1,020,463	(1,020,463)	1,020,463

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2020

Financial assets	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Cash and cash equivalents	20,621	(20,621)	20,621	(20,621)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	840,946	(840,946)	840,946	(840,946)

Financial liabilities	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Debenture Notes	(767,047)	767,047	(767,047)	767,047

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Classes of financial assets carrying amounts:	2021	2020
Cash and cash equivalents	4,640,032	2,062,106
Security deposits	10,000	10,000
Loans	107,200,325	82,022,488
	<u>111,850,357</u>	<u>84,094,594</u>

The Company continuously monitors defaults of loans and incorporates this information into its credit risk controls.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents and security deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

In respect of loans, the Company is not exposed to significant credit risk as the loan is held by APS Benefits Group Ltd, a related party which had both an operating surplus before tax and a net asset surplus.

Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Company manages its liquidity needs by monitoring debenture payments as well as forecast cash inflows and outflows due in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk.

As at 30 June 2021, the Company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

This compares to the maturity of the Company's financial liabilities in the previous reporting periods as follows:

	Current		Non-current	
	Within 6 months	6 - 12 months	1-5 years	5+ years
	\$	\$	\$	\$
30-Jun-21				
Debenture Notes	49,002,077	28,308,625	24,735,639	-
Total				
30-Jun-20				
Debenture Notes	39,296,458	28,303,558	9,104,708	-
Total				

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Note 20 Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide appropriate services to meet the demands of members

The Company monitors capital on the basis of the carrying amount of equity plus its loan to APS Benefits Group Ltd, less cash and cash equivalents as presented on the face of the statement of financial position. The Company's goal in capital management is to maintain a capital-to-overall financing ratio to satisfy the needs of the trustee and ASIC.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Directors' Declaration

In the opinion of the Directors of APS Savings Ltd:

- (a) The financial statements and notes of APS Savings Ltd are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that APS Savings Ltd will be able to pay its debts as and when they become due and payable.
- (c) The financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



Chair – K Kieni



Director – C Stocks

Dated this 13th day of September 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 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated 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 30 June 2021 and of its performance for the 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 (including Independence Standards)* (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.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

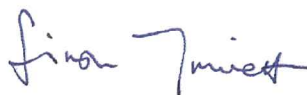
Auditor's responsibilities for the audit of the financial report

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: http://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, 13 September 2021