

Let's get you an APS Savings Account

Let's get started.

FREQUENTLY ASKED QUESTIONS

- **How is interest calculated?**

Interest is calculated daily and for Term Investments is paid monthly as directed by the member. For 31 Day Notice of Withdrawal (NOW) accounts interest is added to the principal at the end of each calendar month.

- **Where can I have my Term Investment interest paid?**

Interest may be paid into an account nominated by the member or it can be added to the principal each month.

- **Can I have the investment in more than one name?**

Yes. However, we will require “Method of Operation” such as *Either to Operate* or *All Must Sign*.

- **Can I invest in a Company name?**

Investments may be held in the names of Partnerships, Superannuation Funds, Trusts, Companies, and other incorporated bodies.

- **Can I withdraw funds prior to the maturity date?**

No. Only in exceptional circumstances.

- **Is there a penalty for withdrawing earlier than the maturity date?**

It will be at the absolute discretion of APS Savings and will likely be subject to a reduction of the interest rate.

- **What is the minimum amount able to be deposited?**

\$100.00 for Term Investments and \$10 for NOW Accounts

- **Do I have to supply my Tax File Number?**

A member is not obliged to provide their Tax File Number (TFN), however, if they do not, tax will be taken out of the interest payments at the top marginal tax rate plus the Medicare levy (currently 47% in aggregate).

- **Can I make regular payments from my salary?**

At this stage there is no provision of this facility for Term Investments, however, it is available for NOW Accounts

- **Can I have multiple accounts?**

You may have multiple investments each with differing amounts and terms. You may also have multiple NOW Accounts which you may want to save for different purposes.

- **How do I remit the funds?**

Once the application form is completed you can: -

- Complete a Direct Debit Authority for a ‘one-off’ deduction from your nominated account, or
- Deposit into our CBA account quoting your member number (or name)

It is advisable that you contact our office within a few days to ensure that we have received the funds.

If the above-mentioned methods are not suitable, you may forward a cheque payable to “*APS Savings Ltd*”

- **What are the terms available?**

6, 12 and 24 months. We also have our 31 Day Notice of Withdrawal (NOW) accounts

- **What is a Rate Card and how can I obtain one?**

A rate card is available on request and advises the current rates and terms that are available at the time.

- **What happens when my Term Investment reaches maturity?**

Approximately two weeks before the Investment falls due, we will notify you in writing of the upcoming maturity together with the current terms and rates.

- **What if I do not notify APS Savings of my preference when the Investment falls due?**

In the absence of any written authority from you, funds will be reinvested for a similar term at the current interest rate at the time of maturity.

- **Can a I set up a trust fund for my children or grandchildren and have the interest paid into their accounts?**

Yes. Interest can be paid into any nominated account, however, it is important that you obtain appropriate financial advice as there maybe tax implications.

Please note we are not permitted to give this advice.

- **What are the identification requirements?**

If a current member is applying there are no requirements. However, if a partner or spouse, who is not a member and is a joint holder, they will need to be identified.

- **What identification documents do you require?**

If you are an individual applying for an account complete 2 of the identification documents details in the application form.

If you are applying on behalf of a business or trust please provide the following documents:-

1. *Provide the applicable documents for your business. For example:-*
2. A certificate of incorporation of a company ASIC (Australian Securities and Investment Commission) and/or an annual statement including the amendments submitted to ASIC
3. A trust deed
4. A partnership agreement
5. The constitution and/or certificate of incorporation for an incorporated association
6. The constitution of a registered cooperative.

Please note signatories of any company, trust or other entity that are not a member of the APS Benefits Group must also complete the individual identification as listed above.

Current interest rates for APS Notes are as follows:

31 Day “NOW” Savings account 4.25%* p.a.

(Notice of Withdrawal)

* Monthly interest will be credited directly into your 31 Day NOW account at the end of each month.

6 months 4.50% p.a.**

12 months 5.00% p.a.**

24 months 5.50% p.a.**

Interest is calculated daily and paid monthly.

**** Monthly interest payments may be credited directly into your nominated financial institution account or added to the principal.**

***Disclaimer**

This is not a bank product. It is an unlisted APS Note. No independent assessment has been made about the risk to investors losing any of their principal investment. Applications for APS Notes can only be made on the Investment Application Form which accompanies the prospectus issued by APS Savings

Ltd. Please read the prospectus carefully before deciding whether to make an investment.

01/05/2023

Prospectus No.12

For the issue of APS Notes by APS Savings Limited



6 December 2023
ACN 150 630 694
AFSLN 405934

APS Savings Ltd
440 William Street
West Melbourne VIC 3003

PO Box 326
North Melbourne
VIC 3051

Phone 1300 131 809
info@apsbenefitsgroup.com.au
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1. Important Information

This Prospectus is dated 6 December 2023 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. ASIC takes no responsibility as to the contents of this Prospectus.

No securities will be allotted or issued on the basis of this Prospectus after its expiry date of 5 January 2025.

The secured notes to be issued under this Prospectus are debt securities of APS Savings Limited ('Company' 'APS Savings Limited' or 'APS Savings') and not shares. The Company's obligation to repay your investment is secured by a charge given by the Company over all the present and future property, assets and undertaking of the Company (including all of the Company's present and future rights in relation to that property, assets and undertaking) wherever situated in favor of The Trust Company (Australia) Limited (the Trustee) as trustee for Noteholders. Further details are provided in Sections 6.2 and 8.1 of this Prospectus.

The Company is a subsidiary of APS Benefits Group Limited (formerly called Australian Public Service Benevolent Society Limited) (APSBG). The Board of APSBG has resolved that APSBG will:

1. provide the Company with sufficient funds, if and when required, to ensure that the Company meets its obligations to Noteholders at all times; and
2. accept as loans from the Company any and all monies invested with the Company by Noteholders.

In addition to the Company's security given to the Trustee, APSBG has provided a guarantee in respect of the Company's obligations to the Trustee under the Trust Deed (and other security documents between the Trustee and the Company) (defined in section 8.1 of this Prospectus), supported by a charge over all the present and future property, assets and undertaking of APSBG (including all of its present and future rights in relation to that property, assets and undertaking) wherever situated.

The Company, as required by the Corporations Act, has made a Target Market Determination (TMD) that specifies the class of consumers that comprise the target market for APS Notes. The TMD is available on the Company's website, and a copy can be obtained from the Company free of charge upon request. Retail investors should read the TMD to see whether they are in the class of retail clients which the Company has identified as the target market for the APS Notes

In the following parts of this Prospectus the secured notes will be described as "APS Notes".

The information given in this document is of a general nature and has been prepared without taking account of your individual investment objectives, financial situation or particular investment needs. Before making any investment decision, you should consider the appropriateness of the information in this Prospectus, having regard to your objectives, financial situation and needs. You should consider this Prospectus and consult your financial advisor, who can help you determine how best to achieve your financial goals, before deciding whether investing in APS Notes is appropriate for you.

Neither the Company, APSBG, the Trustee or any of their Directors make any representations as to the repayment of the principal amount invested in, or payment of interest on, or tax or other consequences of investment in the APS Notes.

The Company is responsible and liable for this Prospectus and the Company accepts responsibility for the information contained in it.

The APS Notes do not represent deposits or liabilities of the Trustee, its directors or officers or related entities of the Trustee, and neither the Trustee nor the directors or officers of the Trustee or related entities of the Trustee guarantees or is otherwise responsible for the obligations of the Company, APSBG, the return of capital or any particular rate of return on APS Notes. The Company holds an Australian Financial Services Licence number 405934 which authorises the Company to, with respect to retail clients, deal in APS Notes. Further information is available in Section 6 of this Prospectus.

In the Prospectus, the Company offers to the public for subscription APS Notes of \$1.00 each for terms varying from 31 days to 24 months at rates of interest set out on the current Interest Rate Card accompanying the Prospectus. There is no minimum amount to be raised by the Prospectus.

Subscriptions for APS Notes may only proceed on the Investment Application Form accompanying this Prospectus. The Investment Application Form included in this Prospectus must not be handed to any member of the public unless accompanied by a copy of this Prospectus.

The Company's principal activity is to raise funds through the issue of APS Notes and to lend funds to its parent.

The financial statements contained in Section 7 of this Prospectus are for the Company and for the consolidated entities being, APSBG and its subsidiaries, APS Financial Planning Pty Ltd, APS Wills and Estates Pty Ltd, APS Savings Limited, APS Mortgages Pty Ltd and APS Tax, Accounting and Business Services Pty Ltd.

The Company and APSBG are not authorised under the Banking Act 1959 and are not supervised by the Australian Prudential Regulation Authority. The depositor protection provisions in Section 13A of the Banking Act will not cover APS Notes. APS Notes are not bank deposits.

The Company relies on *ASIC Corporations (Debenture Prospectuses) Instrument 2016/75*.

Personal information is collected and handled in accordance with our Privacy Policy, which is available on our website, and the Privacy Collection Notice contained in the APS Notes application form.

2. Director's Report

Dear Investor,

It is with great pleasure that the Board of Directors invite you to invest in APS Notes to be issued under this, our twelfth Prospectus. APS Savings Limited is a wholly owned subsidiary of APSBG. Members of APSBG have for over 118 years utilised the various services offered, including funeral benefits, personal loans, financial planning, mortgage broking, wills, estate administration, tax, accounting and business services. APS Notes will be marketed to the membership of APSBG and will also be available to the general public.

APS Notes are being offered for three main reasons:

1. Members of APSBG have expressed an interest in this type of product;
2. to provide investors with the opportunity to invest in secured notes that offer competitive interest rates compared to other notes issuers; and
3. to use the invested funds with the Company to lend to APSBG, in order to meet the continuing growth in demand for loans by APSBG Members and others.

The Directors join me in commending this investment opportunity to you. No investment is without risk and we refer you to Section 4.4 Risks on pages 7,8 and 9 of this Prospectus for a summary of the risks associated with this investment.

Finally, the Company is seeking other funding arrangements to expand and diversify the loan offerings by APSBG. The terms of any new proposed funding arrangement will be disclosed to Noteholders when they are finalised, and a replacement prospectus will be issued explaining the new funding arrangements.



Tim Chilvers
Chair

3. Company Profile

The Company was registered on 24 April 2011 as an unlisted public company. The Company is a wholly owned subsidiary company of the APSBG which has been assisting its members since 1905.

The principal activity of the Company is to raise funds by the issue of APS Notes and to lend those funds to APSBG. APSBG has given a guarantee supported by a charge over its assets to the Trustee for the repayment of all funds raised by the Company.

Registered Office

440 William Street
WEST MELBOURNE, VIC 3003

Principal Place of Business

440 William Street
WEST MELBOURNE, VIC 3003
Ph. 1300 131 809

Trustee for Noteholders

The Trust Company (Australia) Limited
Level 18, 123 Pitt Street
SYDNEY, NSW 2000

Accountants

APS Tax, Accounting & Business Services Pty Ltd
440 William Street
WEST MELBOURNE, VIC 3003

Auditors

Grant Thornton Audit Pty Ltd
Level 22, Tower 5
727 Collins Street
MELBOURNE, VIC 3000

Lawyers for the Company

Holley Nethercote Lawyers
Level 22, 140 William Street
MELBOURNE, VIC 3000

4. Investment Overview

4.1 Glossary

AFSL	Australian Financial Services License issued by ASIC pursuant to the Corporations Act	Group	The group of companies which includes the Company and APSBG
		Inter-Company Loan Arrangement	The loan provided by the Company to APSBG under the Loan Agreement.
		Interest Rate Card	An Interest Rate Card included in or accompanied by this Prospectus which sets out the current interest rates and investment terms for the APS Notes
Applicant/s	Person/s or entity who submits an Investment Application Form	Investment Application Form	An Investment Application Form included in or accompanied by this Prospectus
APSBG	APS Benefits Group Limited	Investor/s, you, your, APS Noteholders, Noteholders	A Person/s or entity who completes an Investment Application Form, has paid their Application Monies and is issued APS Notes
APSBG General Security Deed	The general security deed executed between APSBG and the Trustee on 1 March 2012, as amended from time to time with the agreement of the Trustee	Loan Agreement	The agreement between the Company and APSG which sets out the interest rate, repayments terms and conditions pertaining to the loan from the Company to APSBG.
		Maturity Date	The date on which your “Fixed Term” investment expires.
APSBG Guarantee	The deed of guarantee executed between APSBG and the Trustee on or about the date of the Trust Deed, as in force and amended from time to time with the agreement of the Trustee	Member	A member is a person who has applied for and been granted membership of APSBG
APS Notes	A note/s issued by APS Savings Limited on the terms and conditions as set out in this Prospectus and the Trust Deed	Secured Loan	A Secured Loan is a loan that is secured by registered first mortgage over real property
ASIC	Australian Securities and Investments Commission	Offer	The offer under this Prospectus to acquire APS Notes

Board	The Board of Directors of APS Savings Limited and APS Benefits Group Limited	Our Offices	440 William Street West Melbourne 3003
		PEP	A PEP (politically exposed person) is an individual (or a family member or close associate) who holds a senior leadership role in a government body or international organisation, either in Australia or overseas.
Company, issuer, we, our, us	APS Savings Limited		
Corporations Act	Corporations Act 2001 (Cth), including regulations made for the purposes of that Act	Prospectus	This Prospectus dated 6 December 2023
Directors	The Directors of APS Savings Limited and APS Benefits Group Limited		
Trustee	The Trust Company (Australia) Limited		
Trust Deed	The Trust Deed between APS Savings Limited and the Trustee dated 6 December 2011, as amended from time to time		
Unsecured Loan	An unsecured loan is a loan advance to APSBG Members without any form of security		

4.2 Summary of the Offer

Nature of APS Notes

APS Notes are secured notes issued by the Company. They are not bank deposit products and should not be confused with bank deposits. There is a risk that investors could lose some or all of their money. The key risks associated with investing in APS Notes are set out in section 4.4.

How do I acquire APS Notes?

To acquire APS Notes, complete the Investment Application Form accompanying this Prospectus online or email it to us with the completed "Direct Debit Request" form. Alternatively, we can forward a copy of the Prospectus and Investment Application Form by mail for completion and return.

In what names may APS Notes be held?

APS Notes may be held in single or joint names, or in the names of partnerships, superannuation funds, trusts, companies, and other incorporated bodies.

Investments by superannuation funds and trusts will be held in the name of their trustee.

Is there a minimum holding?

The minimum holding of APS Notes is \$10.

Is there a choice of terms available?

APS Notes will be issued for fixed terms of 6, 12, or 24 months. APS Notes will also be issued for non-fixed terms requiring a minimum of 31 days' notice of withdrawal.

From which date will interest accrue?

APS Notes will be issued on the date of receipt of your application monies and interest will accrue from that date.

When is interest payable?

Interest on APS Notes is paid monthly in arrears.

How is interest paid?

Interest may be either reinvested back into your APS Notes or transferred directly to your nominated account with another financial institution.

Can I add to an existing APS Note?

Additions to APS Notes for the remaining period of the original APS Note may be accepted, at our discretion, provided the interest rate for the additional APS Note is the same as the interest rate for the original APS Note. Such additional amounts will only be accepted in multiples of \$10.00 with the minimum initial increase of \$10.00.

What do you do with the funds that I invest?

APS Savings Limited intends only to lend to its parent, APSBG. For a summary of the loan agreement between the Company and APSBG refer to Section 8.1 "Summary of Material Contracts".

What happens when my APS Note reaches its maturity?

Approximately two weeks before your APS Note mature, we will notify you in writing of the upcoming maturity and our current interest rates and terms and offer you the opportunity to reinvest with us for a further term. In the absence of written instructions from you, your investment will be re-invested for a similar term at the then-current interest rate.

How will I know you have accepted my APS Note?

We will forward a 'Note Certificate' to you as soon as reasonably practicable and in any event within 28 days of receipt of application monies for APS Notes.

This general information is not meant to provide you with all of the information about an investment in APS Notes. You should read this Prospectus in full, and if you then have any queries, we invite you to speak with one of our representatives. In making an investment decision, you should consider the information in this Prospectus and consult with your financial adviser.

4.3 Business Model

APS Savings Limited is a wholly owned subsidiary of APSBG. APSBG is a mutual owned by its 26,000 Members. It has provided a range of financial services to its Members for over 118 years – since 1905. APS Savings Limited will provide APSBG Members and the general public with the ability to invest in APS Notes. Funds will be accepted for periods of 6, 12 and 24 months, or for non-fixed terms requiring 31 days' notice of withdrawal.

Money raised through the issue of APS Notes will be lent to APSBG. The Company is currently the only

entity that lends to APSBG. APSBG will use the monies lent by the Company to fund personal loans for its Members, a service that it has provided to its Members since 1938. These loans have a maximum value per loan of \$150,000, but the current average personal loan is \$12,975 per Member. APSBG also provides Secured Loans to Members and clients, secured by registered first mortgage over real property. As at 30 September 2023, APSBG had 215 Secured Loans totaling \$179,936,171.

Loan applications are carefully assessed by APSBG loan department staff members in accordance with approved lending criteria. Staff review the loan applicant's current credit file, their disclosed income, expenses, assets and liabilities, their ability to repay, their current employment and the purpose of the loan application. Bad and doubtful debts are carefully monitored by management, the Board and the auditors of APSBG and are considered low by industry standards. Currently, over 10 per cent of new loan applications are declined by APSBG staff during the review process.

Property loans are generally funded up to a maximum loan-to-valuation ratio (LVR) of 80%. Loans are not provided for property development purposes.

Loans up to \$1,000,000 are approved by the Manager, Home Loans. Any loans over \$1,000,000 must be approved by the CEO.

The terms of the Loan Agreement between the Company and APSBG provide for payment to the Company of interest on money lent to APSBG (calculated daily and paid monthly) at the rate (until otherwise agreed) which is at least 1 per cent per annum higher than the highest interest rate being paid by the Company from time to time on any of its APS Notes. This will ensure that the Company has a margin on the money lent to APSBG of at least 1 per cent over its cost of those funds. The Loan Agreement is reviewed annually, typically for the purpose of updating the interest rate payable to the Company under the agreement. The Company's cashflow and ongoing operations are largely funded by interest repayments made by APSBG pursuant to the Loan Agreement.

The Company significantly depends on two key personnel who are the Company's nominated Responsible Managers under its AFSL: Craig Walden and Sam Athans. The Company has a succession plan in place in the event that Mr Walden and/or Mr

Athans are unable or unwilling to continue in their respective roles.

The Company does not have any intention to significantly expand its operations other than via organic growth. The Directors have agreed that the Company will retain its future profits to continue to increase its equity.

Management and the Directors of both companies expect that this business model will achieve three key objectives:

1. Investors may have access to an investment at higher interest rates than are generally available from other notes issuers;
2. Members of APSBG requiring loans will continue to have access to loan funds, subject to approved lending criteria.
3. The Company will employ funds raised by issues of APS Notes to lend to APSBG, which in turn may generate additional revenue that can be used for the benefit of all Members.

4.4 Key Risks

The Company has established and will maintain a risk management system in order to identify, analyse, evaluate, treat and monitor risk. This process provides a structured approach to ensure strategies are in place to identify and manage risks that may impact on the Company's operations.

All investments involve risk and there is a risk that APS Noteholders could lose some or all of their money. As the Company will only be lending to APSBG the Company will have concentration risks, in that it will only be making loans to one borrower. Accordingly, the key risks to the Company will include the key risks to the business of APSBG.

Importantly, repayment of Noteholder' monies is guaranteed by APSBG pursuant to the APSBG Guarantee in favour of the Trustee. That guarantee is secured by a charge in favour of the Trustee under the APSBG General Security Deed, further details of which are in Sections 6.2 and 8.1 of this Prospectus.

The guarantor (APSBG) is also the borrower from the Company under the Inter-Company Loan Arrangement referred to below in this Section 4.4. This carries the risk that APSBG is only likely to be required to meet its obligations under the APSBG

Guarantee in circumstances where it is unable to meet similar obligations to the Company under the Inter-Company Loan Arrangement. However, a default under the APSBG Guarantee may entitle the Trustee to enforce the security it holds over assets of APSBG under the APSBG General Security Deed.

The key risks to be monitored by the Company and APSBG are as follows:

- **Liquidity:**

Liquidity is a measure of the short-term financial health of a company. Too little liquidity may mean that the company has insufficient cash or cash equivalents to meet its projected cash needs. Too much liquidity may also be a factor that results in reduced profits. APSBG has carefully managed its cash flow needs for the past 118 years and will assist the Company in managing its cash flow needs on an ongoing basis.

The liquidity of the Company may be impacted if APSBG cannot make a repayment on demand or pay interest to the Company.

Further information is available in Sections 4.7 and 6.2 of this Prospectus. Past performance is not a guide to future performance.

- **Financial Performance:**

The financial performance of the Company may be influenced by many factors, including fluctuations in market interest rates and the composition of APSBG's investment and loan portfolios. Too little or no profit margin will have an effect on the Company's ability to meet its financial commitments. APSBG continuously monitors its profit margin and the profit margins of all subsidiaries to ensure that they are within an acceptable range while simultaneously monitoring budgets, cash flows, income, expenditure and legislative requirements. APSBG has no fixed funding commitment towards its subsidiaries. Other factors that can influence the financial performance are government and regulatory policies and general competitiveness in the market.

The failure of other debenture and note issuers, with resultant publicity, may cause investors to have concerns about the solvency and liquidity of companies with similar business models. This could result in investors being less prepared to invest in (or retain their investments in) debenture or note issuers, no matter how solvent or liquid, and to place their funds in companies perceived to be safer. Any

such movement of capital would reduce the amount of funds available to the Company for lending to APSBG, with a consequential reduction in APSBG's ability to fund the demand for loans to its Members. This is likely to result in a reduction in profits.

Further information is available in Sections 4.7 and 6.2 of this Prospectus. Past performance is not a guide to future performance.

- **Loan Portfolio and Licensing:**

The financial circumstances of borrowers may change from time to time, as may the diversification of APSBG's loan portfolio. There is a risk of borrowers defaulting on loans, which may result in a loss of principal, and/or interest to APSBG and the Company. The ability of the Company to meet its payment obligations to APS Noteholders is dependent on the performance of APSBG's loan portfolio together with the performance of its investment portfolio and cash flows.

All loans currently approved by APSBG other than Secured Loans referred to above, are lent on an "unsecured" basis. Loans in excess of \$25,000 are only available to Members with property or a motor vehicle. These loans are approved to a maximum amount of \$150,000. All loan applications are carefully scrutinised during the assessment process, which includes obtaining credit checks, income and employment verifications on all loan applicants.

The average total loan balance is currently \$39,030 with the average personal loan balance being \$12,975 and the average Secured Loan balance being \$836,913.

APSBG holds an Australian Credit Licence (ACL) No. 244115. A key risk to the Company is that APSBG's ACL is cancelled or suspended, or APSBG otherwise being unable to provide loans. The Company is not aware of any investigations or other regulatory concerns in relation to APSBG's ACL as at the date of this Prospectus.

Further information is available in Sections 4.7 and 6.2 of this Prospectus.

- **Inter-Company Loan Arrangement:**

Any default by APSBG under the Inter-Company Loan Arrangements would result in the Company having

insufficient funds to meet its payment obligations to Noteholders.

Further information is available under Section 8 of this Prospectus.

- **Equity:**

Equity is a company's own funds or capital. As at 30 June 2023 the Company had equity of \$17,158,148. If the Company has insufficient equity in the future, this may be a factor that contributes to financial distress in the event that the Company were to suffer a loss or losses.

The Company complies with ASIC's benchmark with regard to equity capital as at the date of issue of this Prospectus. Further information is available under Sections 4.5 and 4.7 of this Prospectus.

4.5 Financial Information

APS Savings Limited began trading in April 2012. As at 30 June 2023 the Company had total equity of \$17,158,148, including \$4,000,000 in paid up ordinary shares, which are all held by APSBG.

The Company recorded a Net Profit for the year ended 30 June 2023 of \$3,164,410.

The consolidated net profit or (loss) after tax for each of the previous 3 years of APSBG (the Parent) is as follows:

2023	\$799,462
2022	(\$476,705)
2021	\$2,146,179

The past financial performance of the Company and APSBG should not be taken as an indicator of the future financial performance of either the Company or APSBG.

The Independent Auditor's Report and financial statements in Section 7 of this Prospectus include APSBG (and its subsidiaries). They are included because the Company lends money raised through the issue of APS Notes to APSBG and the payment of interest and repayment of principal will depend on the financial performance of APSBG. It is for this reason that APSBG has provided a guarantee in respect of the Company's obligations to the Trustee under the Trust Deed (and other security documents between the Trustee and the Company) supported by

a charge over all the present and future property, assets and undertaking of APSBG (including all of its present and future rights in relation to that property, assets and undertaking) wherever situated.

As at 30 June 2023, APSBG had equity of \$6,257,434. The Directors of APSBG believe that it has demonstrated a strong operating performance over the previous three financial years and that its current level of equity is more than adequate for the nature of its business. The Directors of APS Savings Limited believe that its current level of equity is adequate for its business.

The Independent Auditor's Report is set out in Section 7 of this Prospectus and should be referred to for further detail.

APSBG has several wholly owned subsidiaries. The Company has been established as a wholly owned subsidiary as a distinct fund raising entity for APSBG. The Company considers that the property that constitutes the security in favour of the Trustee is sufficient and is reasonably likely to be sufficient to meet the liability for the repayment of liabilities to Noteholders.

Please note that all financial reference to 30 September 2023 data is based on unaudited management data.

4.6 Directors and Key Managers, Interests, Benefits and Related Party Transactions

The Directors and Key Managers of the Company are:

Tim CHILVERS	Director
Jo McKENNARIEY	Director
Kate FAZIO	Director
Lisa GEIER	Director
Bridget SEBIRE	Director
Sean CARROLL	Director
Chris STOCKS	Director

Craig WALDEN	Chief Executive Officer
Richard FERRARO	Chief Financial Officer
Dale ENGBERG	Operations and Compliance Manager
Timothy FOSTER	Administration Manager
Sam ATHANS	Operations Supervisor

Details of their qualifications and experience are given in Section 5. The Directors and Key Managers do not have any related party transactions other than being Members of the parent company, APSBG from which a Funeral Benefit is provided under the standard terms and conditions applicable to any other Member. The Directors and Key Managers of the Company and APSBG do not receive any fees or benefits in connection with the formation or promotion of the Offer of APS Notes. They may invest funds and apply for loans from time to time in accordance with the standard terms and conditions applicable to any other Member. The Directors of the Company are also Directors of APSBG.

Related party transactions are detailed in Section 4.7 of this Prospectus.

4.7 ASIC Benchmarks for Unlisted Notes

ASIC's Regulatory Guide 69 sets out 8 benchmarks to assist investors in understanding the risks and suitability of an investment in debentures and notes. ASIC expects notes issuers to disclose whether they comply with those benchmarks and if they do not, they should explain why that is.

ASIC has produced an investor guide 'Investing in Debentures and Unsecured Notes' to help investors to understand and use the disclosure benchmarks and promote informed decision making. The guide is available on the Moneysmart website.

Benchmark 1: Equity Capital

The Company **does comply** with ASIC's benchmark with regard to equity capital as at the date of issue of this Prospectus.

ASIC's benchmark is that issuers maintain a minimum of 8% equity or 20% equity where more than a minor part (10%) of the issuer's activities is property development or lending funds directly or indirectly for property development. The Company does not lend for property development (nor does APSBG) so the appropriate benchmark for the Company is equity of 8%.

Equity is the money invested by the owners of the Company (plus any profits retained by the Company). It provides a 'buffer' in the event of financial difficulties, and it also provides the Company's owners with an incentive to operate prudently and responsibly. Insufficient capitalization may be a factor that contributes to financial distress.

The Company will always endeavor to maintain sufficient equity. The Directors have agreed that the Company will retain its future profits to continue to increase its equity.

The Company's level of equity was 9.3% at 31 December 2022 (9.2% at 31 December 2021).

The Company's level of equity was 10.1% at 30 June 2023 (8.7% at 30 June 2022).

Benchmark 2: Liquidity

The Company **does comply** with ASIC's benchmark with regard to liquidity.

ASIC's benchmark is that all issuers should:

- a) have cash flow estimates for the next three months; and
- b) ensure that at all times they have cash or cash equivalents sufficient to meet their projected cash needs over the next three months.

Liquidity is an important measure of the short-term financial health of an issuer or business. If the issuer has insufficient cash or liquid assets, it might be unable to meet its short-term obligations (e.g. to run the business properly, pay interest, or pay investors their money back at the end of the term).

Guide 166 require the Company to establish a Reasonable Estimate Projection.

Accordingly, the Company prepares monthly cash flow projections for its next three months of operations to ensure that it has at all times cash to meet its projected needs over the next three months.

The Company has a policy in place of maintaining an amount of liquid assets adequate for the purposes of meeting its projected cash needs for the next three months. The Loan Agreement with APSBG provides that all loan monies are repayable to the Company on demand (refer to pages 13, 14 and 15 of Benchmark 5: Loan Portfolio for additional information). As at 30 June 2023 the cash or cash equivalents held by APSBG was \$7,230,802 which, together with the Company's cash position of \$456,208, totaled \$7,687,010 (refer to Section 7.7).

Both the Company and APSBG have policies of ensuring that their respective assets and liabilities have similar maturity profiles. The Company believes that this relationship between APSBG's assets and liabilities will assist APSBG to repay its loan from the Company as and when required.

The estimates under this benchmark assume that no new loans are advanced to APSBG, no new APS Notes are issued and 60 per cent of maturing APS Notes are redeemed.

The Company has a policy of stress testing each quarterly cash flow projection by applying conservative assumptions including that no new loans are advanced to APSBG, no new APS Notes are issued and 80 per cent of maturing APS Notes are redeemed.

APS Savings has achieved a 77% renewal rate for the 3 months to 30 September 2023.

Benchmark 3: Rollovers

The Company **does comply** with ASIC's benchmark with regard to disclosure of our approach to rollovers.

ASIC's benchmark is that issuers disclose their approach to rollovers, including:

- a) what process is followed at the end of the investment term; and
- b) how it informs those rolling over or making further investments of any current prospectus and continuous disclosure announcements.

The Company's policy is that approximately two weeks prior to the Maturity Date of an APS Note, the Company will notify the Noteholder in writing, of the rates and terms upon which funds may be reinvested for a further period. This pre-maturity letter will also state that the Company's current Prospectus document, together with any relevant ongoing disclosure documents, will be available from the Company's website www.apsbenefitsgroup.com.au. Noteholders who do not have access to the website may request a hard copy of these documents, free of charge, by contacting the Company's registered office directly.

If written instructions are not received for a renewal of an APS Note before its Maturity Date by the Company, the APS Note shall, upon maturity, be reinvested for a similar term at the current rate of interest payable at the time of reinvestment applicable to that term. A "Note Certificate" will be sent to the Noteholder confirming the reinvestment.

Benchmark 4: Debt Maturity

The Company **does comply** with ASIC's benchmark with regard to its disclosure of its debt maturity profile.

ASIC's benchmark states that issuers should disclose:-

- a) when its interest bearing liabilities will fall due, by term and by value; and
- b) the interest rates, or average interest rates, applicable to these debts.

APS Notes Maturity Profile as at 30 September 2023

Months	Amount	Proportion
0-3	\$45,397,260	31%
4-6	\$32,672,696	22%
7-12	\$40,519,236	27%
13-24	\$29,514,180	20%
<u>Total</u>	<u>\$148,103,372</u>	<u>100%</u>

As of 30 September 2023, the interest rate on issued APS Notes varied between 4.25% and 5.75% p.a. As at 30 September 2023 the weighted average interest rate that the Company was liable to pay to its Noteholders was 5.06% p.a. The Company does not offer 'at call' investments.

Benchmark 5: Loan Portfolio

The Company **does comply** with ASIC's benchmark with regard to disclosure of its loan portfolio.

The Company will on lend all money raised by the issue of APS Notes to APSBG.

ASIC's benchmark is that issuers who indirectly on lend funds through a related party should disclose the current nature of the related party's loan portfolio including:

- a) how many loans they have and the value of those loans
- b) an analysis of the maturity profile of interest bearing assets (including loan portfolio) by term and value
- c) the interest rates, or average interest rates, applicable to the assets
- d) by number and value, the loans they have by class of activity and geographic location
- e) an analysis (number of loans, value of loans, value of principal and/or interest) of those loans more than 30 days past due and renegotiated loans
- f) by number and value, what proportion of the total loan monies are lent on a 'secured' basis and what is the nature of the security
- g) by number and value, what proportion of the total loan monies they have lent to their largest borrower and 10 largest borrowers, and
- h) by number, value and percentage, what loans are subject to legal proceedings

If the issuer's loan portfolio is heavily concentrated into a small number of loans, or loans to a small number of borrowers, there is a risk that a single negative event affecting one loan will put the overall portfolio (and investor's money) at risk. The more diversified a loan portfolio is, the lower the risk that an adverse event affecting one borrower, or one type of loan will simultaneously affect the majority of borrowers.

APSBG has been lending monies to its Members since 1938. As at 30 September 2023, the total number of loans advanced by APSBG was 6,799 and the total value of those loans was \$265,363,543.

Members use Unsecured Loan funds for motor vehicles, boats, holidays, debt consolidation of high interest loans/credit cards, home improvements etc. Loans generally range from \$1,000 to \$25,000. Other Unsecured Loans, including motor vehicle loans and loans where we can lodge a caveat over residential property are advanced to Members up to a maximum loan amount of \$150,000. The 215 Secured Loans are generally used for funding the purchase or reducing the interest rate applicable to that property. The average loan balance for all loans made by APSBG is \$39,030. The Company believes that APSBG provides sufficient diversification in a loan portfolio of over \$265M.

APSBG has systems in place to monitor and control any arrears. These include:

- as soon as a loan repayment is missed, the borrower is immediately contacted by telephone or mail;
- if a response is not received after a further two (2) attempts by the credit officer, the file is immediately referred to our external credit agency for collection and the default is listed on the borrower's credit file with the credit agency, after the required notices have been provided to the borrower. This may involve tracing lost borrowers and/or court proceedings.

Value and Number of Loans Advanced by Location

State	Amount	%	Number	%
NT	10,514,612	4%	907	14%
SA	6,833,080	3%	255	4%
WA	3,608,076	1%	299	4%
ACT	7,561,506	3%	398	6%
NSW	32,454,622	12%	1496	21%
QLD	27,598,895	10%	1962	29%
TAS	1,747,385	1%	94	1%
VIC	175,045,367	66%	1388	21%
<u>TOTAL</u>	265,363,543	100%	6799	100%

The table above provides information on the amount, number and the percentage of the loans by location. These figures will change over time.

Purpose	Amount	%
Medical	4,114,975	2%
Car Repairs	4,293,930	2%
Debt Consolidation	18,913,847	7%
Property/Investment	180,394,703	68%
Furniture	3,726,947	1%
Home Improvement	21,074,008	8%
Holidays	10,505,796	4%
Bills	7,880,410	3%
Cars/Boats	14,458,927	5%
<u>TOTAL</u>	265,363,543	100%

The above table represents the total dollar value of loans advanced for each purpose and also shows each value as a percentage of the total loans advanced as at 30 September 2023. These percentages will change over time.

As at 30 September 2023, the total value of APSBG's interest bearing assets was \$265,363,543. This amount will change over time. The following table represents the maturity profile of these interest bearing assets by term and value. This is important when considering cash flow requirements and shows that within 1 month APSBG theoretically may have access to over \$160M if it is needed for cash flow purposes (subject to APSBG's ability to realise the value of its property loans within 1 month or APSBG finding an alternative financier for the property loans).

The average interest rate applicable to these assets is 8.5%. This rate will change over time.

Maturity profile of APSBG's interest bearing assets (loans)

Repayment Term	Amount	%
< 1 Month	\$183,049,064*	69%
1-3 Months	\$3,588,001	1%
3-12 Months	\$16,346,814	6%
1-5 Years	\$59,835,521	23%
<u>5+ Years</u>	<u>\$2,544,143</u>	<u>1%</u>
Total	\$265,363,543	100%

* Note: This amount includes the \$179,936,171 of property loans referred to above. These loans are included among interest bearing assets with a maturity of less than one month because they are repayable on 30 days written notice, and the amount of the property loans is not based on the notional 3 year terms of the loans. However, notwithstanding the right to seek repayment on 30 days written notice, the actual extent to which APSBG will be able to be repaid by the borrowers within 30 days of giving such notice will depend on various factors such as borrower liquidity and the availability of refinancing options.

As at 30 September 2023, APSBG's largest borrower had a loan of \$4,013,686 which represents less than 2% of the total loans advanced in dollar terms and 0.01% of the total number of loans advanced. This loan is secured by first mortgage on property in Caulfield North (Melbourne), valued in February 2023 at \$5,700,000 by external independent valuation.

As at 30 September 2023, APSBG had advanced 10 loans totaling \$33,180,536 (including interest) to its 10 largest borrowers which represents 13% of the total loans advanced in dollar terms and 0.1% of the total number of loans advanced.

As at 30 September 2023, the number of APSBG loans in arrears for more than 30 days is summarized in the following table:

Days in Arrears	Repayment Arrears \$	Balance of Loans in Arrears \$	Number of Loans in Arrears	% of Loans in Arrears	Balance of Loans in Arrears as a Percentage of Total Loans
30-59 Days	34,263	718,126	81	<1%	<1%
60-89 Days	19,669	307,948	27	<1%	<1%
90-119 Days	22,119	277,540	16	<1%	<1%
120 Days or more	865,779	2,442,409	142	2%	1%
Total	\$941,830	\$3,190,943	266	4%	2%

All of the loans in arrears are Unsecured Loans.

As at 30 September 2023, 7 of the loans in arrears by more than 30 days with a total value of \$82,241 (less than 1% of loans) inclusive of interest were being pursued for the outstanding balances via legal proceedings. This amount may change over time.

Loan Type - \$ Value of loans

Unsecured	\$85,427,372	Secured	\$179,936,171
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The average loan size is \$39,030. The maximum loan advance was \$4,013,686. This amount may change over time.

Loan Type – No. of Loans

Unsecured	6,584	Secured	215
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Over 32% of all loans by value, and 97% of all loans by number, are Unsecured Loans.

Benchmark 6: Related Party Transactions

APS Savings Limited **does comply** with ASIC's benchmark with regard to disclosure of its approach to related party transactions.

ASIC's benchmark is that issuers who on lend funds should disclose their approach to related party transactions, including, how many loans they have made to related parties and the value of those loans as a percentage of total assets, and what assessment and approval process they follow with related party loans.

Related party loans might not be made with the same rigor and independence as transactions made on an arm's length commercial basis and have a greater risk of defaulting.

As noted above, the Company's principal activity is to raise funds through the issue of APS Notes and to lend those funds to its parent company – APSBG, who lends money to its Members (see Benchmark 5: Loan Portfolio for information on APSBG's loan portfolio). As at the date of this Prospectus, APS Savings Limited has one related party transaction. As disclosed in this Prospectus, the Company has lent all monies raised to date, and will loan monies raised under this Prospectus, to APSBG, on the terms and conditions of the Loan Agreement referred to in Section 8.1. As at 30 September 2023 the total loan to APSBG was \$165,903,713. As the Company only lends to APSBG, the value of the related-party loan as a percentage of the total assets of the loan portfolio of the Company is 100%. The Company's policy is to make only one related party loan as set out in Section 8.1 and not to make any other related party loans.

Benchmark 7: Valuations

The Company and APSBG **do not comply** with ASIC's recommendation in Benchmark 7 in relation to obtaining and relying on valuations of property.

Benchmark 7 says that where an issuer is involved in or (directly or indirectly) lends money for property-related activities, it should take the following approach to obtaining and relying on valuations:

- (a) properties (i.e. real estate) should be valued on an 'as is' and, for development property, on an 'as if complete' basis;
- (b) development properties should be re-valued at least every 12 months unless the funds are retained by the issuer and only released in stages to cover project completion costs.
- (c) the issuer should have a clear policy on how often it obtains valuations, including how recent a valuation has to be when it makes a new loan;
- (d) the issuer should establish a panel of valuers and ensure that no single valuer conducts more than one-third of the total number of valuations obtained; and
- (e) the appointment of valuers should be with the Trustee's consent.

Robust and objective valuations are needed to ensure the issuer's financial position is correctly stated in the prospectus and ongoing disclosure. It is therefore, important for investor confidence that independent experts perform the valuations, and that the process is transparent.

The Company indirectly lends money for property related activities, as it loans funds to APSBG which then lends money on mortgages. Mortgage lending as part of APSBG's business has grown significantly over recent years. APSBG does not lend for property development.

Rather than using external valuers, as recommended by Benchmark 7, APSBG has historically generally relied on internal valuations for mortgage lending with a loan to valuation ratio below 70%, and in doing so, satisfies itself as to the value of the property by relying on a combination of the contract of sale, rates notices, and an independent online appraisal using recent sales data for the area.

When APSBG cannot determine what it regards as a proper value of a property by internal assessment, or the loan to valuation ratio exceeds 70%, it may request an external assessment from one of its list of qualified valuers. Valuers are independent of APSBG, have no interest in the property being valued, have no relationship with the borrower, and are approved by the Trustee.

Contrary to the disclosure in some past prospectuses, not all independent valuations have been made by valuers approved by the Trustee. Due to an oversight, APSBG issued 23 loans totaling \$26,836,000 using valuations that were made by valuers that were not approved by the Trustee. Not all of these loans are current. APSBG is satisfied that the inconsistency was not materially adverse to investors under those prospectuses as it had no impact upon the value of the relevant properties or the risk to investors under those prospectuses. APSBG has made changes to its processes and procedures to ensure that this will never happen again, including staff training and greater management oversight of all valuations requested to ensure they are valuers approved by the Trustee.

While APSBG does not regularly engage external valuers, where it does so, the external valuations on property obtained by APSBG comply with Benchmark 7.

Real property assets which are taken as security are valued on an 'as is' basis. This means that the property is valued as it currently exists in respect to current market conditions.

APSBG's internal valuations are limited to mortgage lending with a loan to valuation ratio below 70%. The Company has also provided a charge to the Trustee and the guarantee from APSBG in any event, as discussed in Section 8.1 of this Prospectus.

Property lending currently represents over 67 per cent of APSBG's loan portfolio. The largest property related loan as at 30 September 2023 was \$4,013,686, representing 3% of APSBG's property related loan assets. This loan is secured by first mortgage on property in Caulfield North (Melbourne), valued in February 2023 at \$5,700,000 by external independent valuation.

APSBG is satisfied that its prudent lending policies and experience in property valuations minimises any risks which might otherwise be inherent in relying on internal valuation procedures. As property-related lending grows as a proportion of APSBG's business, APSBG anticipates its use of external valuers will increase.

Benchmark 8: Lending principles – loan to valuation ratios

The Company **does comply** with this benchmark.

A high LVR means that the property is more vulnerable to a downturn in the property market. Therefore, the risk of depositors losing their money could be higher.

The ASIC benchmark states that where an issuer (directly or indirectly) on lends money in relation to property related activities it should maintain the following LVR's:

- (a) where the loan relates to property development – 70% on the basis of the latest complying valuation;
- and

(b) in all other cases – 80% on the basis of the latest complying valuation.

APSBG's lending activities include property related loans, which are always funded within the above lending ratios. As noted in the Benchmark 7 disclosures of this Prospectus, real property is valued on an 'as is' basis.

Continuing Compliance

The Company expects that it will continue to meet Benchmarks 1,2,3,4,5,6, and 8.

5. Directors & Key Management

None of the Company's Directors and key managers act as a nominee or representative of a substantial shareholder. The Directors and key managers are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement in performing their role.

The Directors and key managers' financial interests in the Company are disclosed in the financial statements contained in section 7 of this Prospectus.

5.1 Directors

Kate Fazio was appointed as a Director in October 2016, Sean Carroll was appointed in October 2018, Tim Chilvers was appointed in October 2019, Chris Stocks was appointed in October 2020, Jo McKennariey was appointed in February 2023 and Lisa Geier and Bridget Sebire were appointed in October 2023.

Kate FAZIO, BA (Media & Comms), B Laws (Hons), GDip Legal Practice, GCert Social Impact, Master of Social Impact and Philanthropy

Kate is Head of Innovation and Engagement at Justice Connect. Prior to this role Kate has worked in several other senior management roles at Justice Connect and practiced as a solicitor. Kate's anticipated availability to perform this role is approximately 10 hours per week.

Sean CARROLL, Masters Organisational Psychology (Monash), BA and BCommerce (Monash), GAICD

Sean is the Managing Partner, ByMany Pty Ltd. Sean has worked in various senior management and leadership roles in logistics and banking and finance over the past 20 years. Sean's anticipated availability to perform this role is approximately 10 hours per week.

Tim CHILVERS Masters of Applied Finance, Diploma of Financial Services, Bachelor of Business, MAICD

Tim has spent over 22 years in banking, finance and wealth management. He is currently Managing Director at Navigate, Evolve, Lead, the Faculty Head, Australian Institute of Coaching and Chair Carey Grammar School. Tim's anticipated availability to perform this role is approximately 10 hours per week.

Chris STOCKS BA (Economics and Statistics – Monash) GDip Public Policy and Management, Cert IV Workplace Assessment and Training, GAICD

Chris was appointed a Director of APSBG in 2020. He has a broad range of capabilities built up over 27 years in senior leadership roles in the public service, most recently with the Bureau of Meteorology. Chris' skill set includes strategic planning, risk management, governance and people management. Chris's anticipated availability to perform this role is approximately 10 hours per week.

Jo **McKENNARIEY** Masters of Business Administration, Bachelor of Arts in Political Science (Double Major in Public Policy & Industrial Relations), GAICD, CAHRI

Jo is the Managing Director & Principal at reDirectional Advisory & Consulting and is a Non-Executive Director of RSPCA Australia (and chair of the Community Engagement board sub-committee) and RSPCA Queensland (and chair of the Animal Welfare & Ethics board sub-committee).

An experienced Director, Executive and Consultant, Jo has more than 20 years' experience in strategy, governance, organisational design, culture, talent and performance, stakeholder engagement, external relations, communications, and community/social investment. She has worked across a variety of industries and sectors including financial services, energy, transport, technology, retail, not for profit, and government. Jo's anticipated availability to perform this role is approximately 10 hours per week.

Lisa **GEIER** BEconomics (Monash), CPA, MBA, Diploma Applied Corporate Governance and Risk Management.

Lisa is currently the Director of Finance for the Productivity Commission. She has over 30 years' experience in various finance roles for Commonwealth Government entities, not-for-profits and other commercial organisations. She has been the member or secretariat for Audit and Risk Committees for various organisations and the Treasurer for not-for-profits including the current Treasurer for the Apollo Bay Surf Life Saving Club. Lisa's anticipated availability to perform this role is approximately 10 hours per week.

Bridget SEBIRE BA, Grad. Dip Applied Finance, CIA, GAICD

Bridget is currently the General Manager Risk, Compliance and Insurance at APA, an ASX listed energy infrastructure business. Before joining APA in 2023, she held a number of senior roles at Australia Post for over 10 years, where her most recent role was Chief Risk Officer. She was also a Trustee Director, and Chair of the Risk and Audit Committee, of the Australia Post Superannuation Scheme. Prior to this Bridget has extensive experience in a range of disciplines within the financial services industry. Bridget's anticipated availability to perform this role is approximately 10 hours per week.

5.2 Key managers

Craig WALDEN, BBus (Accounting), Dip Finance and Mortgage Broking Management, MAICD

Craig was appointed as Company Secretary of APSBG in 2002 and of the Company in April 2011 and has also served as CEO of both entities since that time. Craig began his career in the Australian Taxation Office before heading into chartered accounting and then a career in financial services. He was head of Coles Myer superannuation funds, has been a registered tax agent, a human resources manager and a consultant specialising in business development and strategy. Craig is a Responsible Manager under the Company's Australian Financial Services Licence. Craig's anticipated availability to perform this role is approximately 40 hours per week.

Richard FERRARO, CPA, GAICD

Richard was appointed as Chief Financial Officer of the Company and of APSBG in December 2012, as well as a Director of APS Tax Accounting and Business Services Pty Ltd for the same period. Richard is a registered tax agent and has a strong background in tax and finance having spent over 26 years in senior corporate accounting roles. Richard manages the financial reporting, cash flow analysis and most of the regular compliance obligations of the Company. Richard's anticipated availability to perform this role is approximately 40 hours per week.

Dale ENGBERG, Cert 4 in Mortgage Management

Dale was appointed as Customer Service Supervisor of the Company in June 2017, and as Operations and Compliance Manager of the Company in November 2021. Dale has over 16 years' experience in lending, finance, payroll management and customer service. Dale is managing the day to day running of the business, including compliance, reporting directly to the CEO and the Board of Directors as required. Dale's anticipated availability to perform this role is approximately 40 hours per week.

Timothy FOSTER, Adv Dip Financial Services (Financial Planning), CFP, LRS

Timothy was appointed as Customer Service Coordinator of the Company in September 2017, and as Administration Manager of the Company in November 2021. Tim has over 29 years' experience in finance, banking, auditing, money markets and financial planning both within Australia and overseas. Tim manages the customer service and administrative obligations of the Company. Timothy's anticipated availability to perform this role is approximately 40 hours per week.

Sam ATHANS, Dip Finance and Mortgage Broking Management

Sam was appointed as Administration Manager of the Company in early 2011, and as Operations Manager in 2017. Sam has over 37 years' experience in finance and banking. Sam oversees the day to day running of the business. Sam is a Responsible Manager under the Company's Australian Financial Services Licence. Sam's anticipated availability to perform this role is generally 15 hours per week but can be available for up to 40 hours per week if required.

6. Details of the Issue

6.1 Purpose of this Prospectus

The purpose of this Prospectus is to:

1. inform APSBG Members and investors about the key features and risks of the APS Notes; and
2. enable the Company to raise additional funds through the issue of APS Notes to lend to APSBG for the purpose of expanding its lending business by way of loans to its Members for which there is a continuing demand.

The proceeds of this issue will be invested in accordance with the Trust Deed between the Company and the Trustee (refer to Section 8.2).

There is no minimum amount to be raised under this Prospectus as the Company already has sufficient funds for the conduct of its business and there is also no maximum amount to be raised subject to the Company's borrowing limitations referred to in Section 8.2.

Subscriptions for APS Notes may only proceed on the Investment Application Form accompanying this Prospectus. No APS Notes will be allotted or issued on

the basis of this Prospectus after its expiry date. The Directors reserve the right to close the Prospectus at an earlier date, not earlier than 13 months from the date of this Prospectus.

6.2 Security for the charges given by the Company and APSBG

Repayment of all monies that are invested in APS Notes is secured by a first ranking charge given by the Company over all the present and future property, assets and undertaking of the Company (including all of the Company's present and future rights in relation to that property, assets and undertaking) wherever situated in favour of the Trustee as trustee for the Noteholders.

In addition to the Company's security given to the Trustee, APSBG has provided a guarantee in respect of the Company's obligations to the Trustee under the Trust Deed (and other security documents between the Trustee and the Company), supported by a charge over all the present and future property, assets and undertaking of APSBG (including all of its present and future rights in relation to that property, assets and undertaking) wherever situated.

In addition to the security under the Trust Deed and APSBG's deed of guarantee, the Trustee has entered

into general security deeds with each of the Company and APSBG. More information on the respective security arrangements is at Section 8.2 of this Prospectus.

The property which is the security for the charge given by the Company as at the date of this Prospectus is referred to in Sections 4.5 and 6. The property which is the security for the charge given by APSBG is referred to in the financial report in Section 7.

In the assessment of the Company the property that constitutes the security for the charges referred to is sufficient and is reasonably likely to be sufficient to meet the liability for the repayment of all such money and other liabilities that have been or may be incurred and rank in priority to, or equally with, that liability.

The Trustee acts as a representative of the holders of APS Notes in accordance with its obligations as set out in the Trust Deed, further details of which are contained in Section 8.2 of this Prospectus, and in the Corporations Act.

The APS Notes do not represent deposits or liabilities of the Trustee, its directors or officers or related entities of the Trustee, and neither the Trustee nor the directors or officers of the Trustee or related entities of the Trustee guarantees or is otherwise responsible for the obligations of the Company, APSBG, the return of capital or any particular rate of return on APS Notes.

6.3 Other Risks

The key risks associated with investment in this issue of APS Notes are set out in section 4.4 of this Prospectus. Notably, a Noteholder's potential loss of capital or interest depends on the performance of the Company and the financial strength of APSBG as guarantor. APSBG as guarantor of the notes is also the borrower under the Loan Agreement and is only likely to be required to meet its obligations under the guarantee in circumstances where it is unable to meet similar obligations under the loan. This will be affected by factors including the composition of the loan portfolio of APSBG, fluctuations in market interest rates and the ongoing strength of the business of APSBG generally.

In addition to the key risks set out in section 4.4 of this Prospectus, the following risks should be taken into account when evaluating an investment in the APS Notes:

- **Loss of reputation and litigation:** The Company's business relies to a large extent on its reputation, and APSBG's reputation, to attract and retain investors. If an investor is not satisfied with the services provided by the Company or APSBG, or either business is involved in litigation, it may damage the Company's reputation. In such circumstances, the Company may also incur legal costs or other financial harm, which could adversely affect the Company's capacity to make repayments to Noteholders.
- **Human resources:** The Company has a significant dependency on Craig Walden and Sam Athans, who are responsible managers under the Company's AFSL. If either responsible manager was unwilling or unable to continue their role, the Company must ensure that the remaining responsible manager or replacement responsible manager(s) meets ASIC's qualifications and experience requirements. Should any key personnel leave the Company, including the responsible managers and officeholders, this may have a negative impact on the Company. The business may have skills or knowledge gaps that diminish its ability to perform its functions efficiently and effectively. It may be difficult to replace them, or to do so in a timely manner. Increases in recruitment, wages and contractor costs could also impact on the profitability of the Company.
- **Regulatory action:** As an AFSL holder, the Company is subject to significant regulatory oversight. This includes requirements to comply with licence conditions and legislation. Failure to comply with regulatory requirements could result in significant reputational damage and financial harm if action is taken by ASIC, which can extend to cancelling or suspending the Company's AFSL in serious cases.
- **IT and cyber security:** If the Company's cyber security measures or IT resources are inadequate this could result in significant costs to the business. For example, a ransomware cyber incident could be costly to rectify and impact on the Company's reputation. Such an incident could also lead to enforcement action being taken by regulators. This could in turn impact upon the financial performance of the Company and affect the Company's capacity to make repayments to Noteholders.

- **Insufficient financial resources or insurance:** If the Company fails to maintain adequate financial resources, or does not hold adequate insurance coverage, this could affect the Company's ability to make repayments to Noteholders if an adverse event occurs (for example, a significant cyber incident or litigation).
- **Regulatory changes:** Any changes to legislation or government policy in relation to the Company's activities can affect the Company's financial position or ability to conduct its business.
- **Termination of material contracts:** Termination of the material contracts set out in section 8 of this Prospectus could significantly affect the Company's financial position, particularly the Loan Agreement with APSBG. It may be difficult to replace or renegotiate these contracts, or to do so in a timely manner. Variation to the terms of these contracts, such as the interest payable under the Loan Agreement, could also negatively impact the financial performance of the Company.

6.4 Risk Management Strategy

APSBG has also established and implemented a fully operational risk management system plan that is consistent with Australian and New Zealand standard on risk management systems and meets the requirements of its AFSL. This risk management plan has also been adopted by the Company and meets the requirements of its AFSL. The Company's AFSL Responsible Manager, who reports to the Board of Directors, is responsible for the management and maintenance of the risk management system. This provides a structured approach to ensure strategies are in place to meet the Company's obligations under the Corporations Act, its AFSL as well as other core risks including human resources, financial, technology, internal and external business and economic risks which may impact on the Company's operations.

In terms of the loans provided to borrowers by APSBG, APSBG has formal loan procedures in place for the processing and approval of loan applications received from its Members. These procedures include:

- 1) All loan applicants must provide - personal and employment details, a detailed balance sheet of their financial position, and a signed

privacy form allowing APSBG to obtain information from other lenders.

- 2) Evidence of income supporting the application.
- 3) Credit checks are undertaken on the Member's credit file.
- 4) The application is then assessed in accordance with APSBG's responsible lending obligations under the National Consumer Credit Protection (NCCP) Act.

APSBG will:-

- Make reasonable enquiries of the borrower's financial position, their requirements and objectives.
- Take reasonable steps to verify the borrower's financial position, including by questioning credit enquiries which have been noted on their credit file.
- Make an assessment as to whether the loan is considered "*not unsuitable*", including by ensuring that the borrower has the ability to repay the loan without substantial hardship.
- If all requirements are met, forward a letter of approval together with contracts to the borrower.

Loan applications will be declined (and the Member immediately notified) if:

- The loan is considered unsuitable for the applicant.
- Their commitments exceed an acceptable level when compared to their regular income.
- They are an un-discharged bankrupt.
- They have a poor credit rating (e.g. previous defaults on loans/credit cards).

6.5 Products and Services

To invest in APS Notes you must complete the Investment Application Form accompanying this Prospectus and lodge it with a cheque at, or forward it by mail to, the registered office of the Company at 440 William St West Melbourne, Vic 3003, or complete the On-Line Investment Application Form via our website www.apsbenefitsgroup.com.au. Instructions are also set out on the Investment Application Form.

The Company offers the investor the opportunity to invest for a 6, 12 or 24 month fixed term, with interest paid monthly. APS Notes will also be issued for non-fixed terms requiring a minimum of 31 days' notice of withdrawal. The investor may elect to either receive the interest payment (to a nominated bank account) or to reinvest the interest in additional APS Notes and therefore obtain the benefit of capitalising the interest at the same rate applicable to the principal investment.

A minimum subscription of \$10.00 applies.

6.5.1 APS Notes on Issue

As at 30 September 2023 the Company had \$148,103,372 APS Notes on issue.

6.5.2 About the Company's Investments

Monies invested in APS Notes by investors will be used for the Company's business, which is lending to its parent, APSBG.

6.6 Applications and Allotment

The Company will allot APS Notes as applications are received and they will be acknowledged by the Company forwarding a 'Note Certificate' within 28 days after receipt of the subscription money. The Company reserves the right to reject applications for APS Notes.

6.7 Payment of Interest

The Company issues APS Notes with varying investment terms and interest rates. APS Notes are for a fixed term of either 6, 12 or 24 months. APS Notes will also be issued for non-fixed terms requiring a minimum of 31 days notice of withdrawal.

APS Notes offer a fixed rate of interest for the term of the 6, 12 or 24 month investment, and a variable rate of interest for the 31 days' notice of withdrawal accounts.

The interest rate applicable to each term is set out on the Interest Rate Card. Applicants should confirm the interest rate and term of the APS Notes with the Company prior to completing the Investment Application Form to ensure that the terms and interest rates shown on the Interest Rate Card are current. The means of determining the terms and interest rates are simple and involve no charge.

Interest is calculated and accrues daily from the date of receipt of your application monies. Interest is automatically reinvested if no instructions have been given.

Upon maturity interest may be either reinvested back into your APS Notes or transferred directly to your nominated account with another financial institution. All interest payable on APS Notes is secured under the Trust Deed (for further details refer to Section 8.2).

6.8 Variation of Interest Rates and Maturity Dates

Interest rates for APS Notes are set out in the Interest Rate Card. The Company reserves the right to vary any interest rate or investment term for APS Notes to be issued during the currency of this Prospectus. A variation in interest rate or investment term will not affect APS Notes already on issue.

Where you make an application for APS Notes and your selected rate or term on the Investment Application Form is not current, or you do not select an interest rate or term, the Company may either:

- a) repay the money received from you, or
- b) send you a notice which explains the correct information and your rights to be repaid or to have the APS Notes issued at the correct rate or term, or
- c) issue the APS Notes to you at the current interest rate as well as giving you the notice referred to in the previous paragraph and one month to withdraw your application and be repaid if you wish.

Where the interest rate specified on your Investment Application Form is higher than the current interest rate, the Company may elect to issue the APS Notes, to you at the higher interest rate.

If you apply for APS Notes you may have rights to be repaid your application monies if the Investment Application Form does not specify an interest rate, an amount or term, or specifies an interest rate which is not current.

6.9 Repayment of Principal and Interest

The Company will repay in full fixed term APS Notes together with interest at maturity upon the production to the Company of the relevant certificate. Prior to the Maturity Date of an APS Note, the Company will notify the Noteholders in writing of the rates and terms upon which funds may be reinvested for a further term.

If instructions are not provided for the reinvestment in APS Notes and the relevant certificate is not produced for redemption, the investment will on maturity be reinvested for the same term at the interest rate then applicable to APS Notes for that term.

6.10 Withdrawal before Maturity

The Company will consider requests by Noteholders who, through unforeseen and exceptional circumstances, wish to redeem some or all of their APS Notes before maturity. Early redemption will be at the absolute discretion of the Company and may be subject to a reduction in the rate of interest having regard to the period for which the Company held the investment and the Maturity Date.

If a sole Noteholder dies, his or her legal personal representative may redeem the Noteholder's APS Notes prior to maturity subject to compliance with legal requirements relating to deceased estates.

6.11 Fees and Brokerage

No entry or exit fees apply to an investment in APS Notes pursuant to this Prospectus and neither the Company nor APSBG pay brokerage or trail commissions to any individual or organisation.

6.12 Other Information

The terms of issue of the APS Notes does not give Noteholders any right to participate in the operations of the Company or APSBG other than to receive interest and payment on maturity and any other rights as set out above in this Section 6.

The Trust Deed provides that the Company must call a meeting of Noteholders to consider the accounts and balance sheet that were laid before the last preceding annual general meeting of the Company if requested to do so in writing by Noteholders representing not less than 10% in nominal value of the Notes on issue. At such a meeting Noteholders may give the Trustee direction in relation to the exercise of the Trustee's powers. The Corporations

Act specifies other situations in which Noteholders may give directions to the Trustee at certain meetings of Noteholders. The Trustee is generally required to comply with a direction of Noteholders given to it at such meetings, unless it is of the opinion that the direction is inconsistent with the terms of issue of Notes, the provisions of the Trust Deed, the Corporations Act or is otherwise objectionable, and either the Trustee has obtained or is in the process of obtaining an order from the Court to set aside or vary the direction.

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Independent Auditor's Report

To the Members of APS Savings Ltd

Report on the audit of the financial report

Opinion

We have audited the general purpose financial report of APS Savings Ltd (the Company) set out in sections 7.1 through 7.5 of the Prospectus, which comprises the statement of financial position as at 30 June 2023, 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 financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Company:

- a gives a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complies with Australian Accounting Standards.

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 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.

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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 prospectus, 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 presents fairly in accordance with Australian Accounting Standards. 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



D G Ng
Partner – Audit & Assurance
Melbourne, 6 December 2023

7.1 Statement of Profit or Loss and Other Comprehensive Income – APS Savings Ltd

The following audited financial information relate to the Company.

Income	1 July 2022 to 30 June 2023 \$	1 July 2021 to 30 June 2022 \$	1 July 2020 to 30 June 2021 \$
Interest received - APSBG	10,974,987	7,961,515	5,480,799
Interest received – other	<u>5,223</u>	<u>7</u>	<u>25</u>
Total income	10,980,210	7,961,522	5,480,824
Expenses			
General administration	(206,878)	(105,189)	(138,265)
Depreciation and amortisation	(1,948)	(2,165)	(2,405)
Interest - APS Noteholders	<u>(6,552,171)</u>	<u>(4,874,586)</u>	<u>(3,438,164)</u>
Total expenses	<u>(6,760,997)</u>	<u>(4,981,940)</u>	<u>(3,578,834)</u>
Profit/(loss) before tax	4,219,213	2,979,582	1,901,990
Income tax expense	<u>(1,054,803)</u>	<u>(744,895)</u>	<u>(494,517)</u>
Net profit/(loss) after tax	<u>3,164,410</u>	<u>2,234,687</u>	<u>1,407,473</u>

7.2 Statement of Financial Position –APS Savings Ltd

	at 30 June 2023 \$	at 30 June 2022 \$	at 30 June 2021 \$
Assets			
Cash and cash equivalents	456,208	12,399,409	4,640,032
Loan - APSBG	167,514,392	148,124,648	107,200,325
Other financial assets	10,000	10,000	10,000
Plant and equipment	<u>17,531</u>	<u>19,479</u>	<u>21,644</u>
Total Assets	167,998,131	160,553,536	111,872,001
Liabilities			
Trade and other payables	-	35,944	60,982
APS Noteholders	150,835,600	146,518,984	102,046,341
Deferred tax liability	<u>4,383</u>	<u>4,870</u>	<u>5,627</u>
Total Liabilities	<u>150,839,983</u>	<u>146,559,798</u>	<u>102,112,950</u>
Net Assets	<u>17,158,148</u>	<u>13,993,738</u>	<u>9,759,051</u>
Equity			
Contributed Equity	4,000,000	4,000,000	2,000,000
Retained Earnings	9,993,738	7,759,051	6,351,578
Current Year Earnings	<u>3,164,410</u>	<u>2,234,687</u>	<u>1,407,473</u>
Total Equity	<u>17,158,148</u>	<u>13,993,738</u>	<u>9,759,051</u>

7.3 Statement of Changes in Equity – APS Savings Ltd

	Retained Earnings \$	Share Capital \$	Total \$
Balance at 1 July 2020	6,351,578	2,000,000	2,000,000
Total Comprehensive income for the year	<u>1,407,473</u>	-	<u>1,407,473</u>
Balance at 30 June 2021	7,759,051	2,000,000	9,759,051
Balance at 1 July 2021	7,759,051	2,000,000	9,759,051
Additional Share Capital	-	2,000,000	2,000,000
Total Comprehensive income for the year	<u>2,234,687</u>	-	<u>2,234,687</u>
Balance at 30 June 2022	9,993,738	4,000,000	13,993,738
Balance at 1 July 2022	9,993,738	4,000,000	13,993,738
Total Comprehensive income for the year	<u>3,164,410</u>	-	<u>3,164,410</u>
Balance at 30 June 2023	13,158,148	4,000,000	17,158,148

7.4 Statement of Cash Flows – APS Savings Ltd

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Operating activities			
Payments to suppliers	(242,822)	(130,227)	(133,011)
Interest paid	(6,474,763)	(4,822,135)	(3,417,027)
Interest received	<u>7,966,738</u>	<u>5,480,806</u>	<u>4,505,375</u>
Net cash from operating activities	1,249,153	528,444	955,337
Investing activities			
Deposits from investors	4,239,208	44,420,192	25,320,480
Receipt of capital contributions	-	2,000,000	1,000,000
Loan to APS Benefits	<u>(17,431,562)</u>	<u>(39,189,259)</u>	<u>(24,697,891)</u>
Net cash provided by/(used in) investing activities	(13,192,354)	7,230,933	1,622,589
Net change in cash and cash equivalents	(11,943,201)	7,759,377	2,577,926
Cash at the beginning of the financial year	<u>12,399,409</u>	<u>4,640,032</u>	<u>2,062,106</u>
Cash at the end of the financial year	<u>456,208</u>	<u>12,399,409</u>	<u>4,640,032</u>

7.5 Notes to the Financial Statements – APS Savings

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

There were no amended accounting standards and interpretations issued by the Australian Accounting Standards Board effective for the year ended 30 June 2023 that were relevant to the Company.

The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Company in future periods

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Noncurrent and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferred of Effective Date
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 17 Insurance Contracts

Going concern

There 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 \$167,514,392 (June 2022: \$148,124,648).

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

Accounting policies

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.

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

Financial Instruments Used

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

Loans and Receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less impairment.

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.

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.

2. Revenue

		1 July 2022 to 30 June 2023	1 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021
		\$	\$	\$
Interest on loan to APSBG		10,974,987	7,961,515	5,480,799
Other interest/income		5,223	7	25
		10,980,210	7,961,522	5,480,824

3. Operating surplus

	at 30 June 2023	at 30 June 2022	at 30 June 2021
Operating surplus has been arrived at after charging the following items:	\$	\$	\$
Depreciation and amortisation	1,948	2,165	2,405

4. Income taxes

Income tax expense

Profit before tax	4,219,213	2,979,582	1,901,990
Income tax calculated at 25% (2021: 26%)	<u>1,054,803</u>	<u>744,895</u>	<u>494,517</u>
Actual tax expense	1,054,803	494,517	494,517

Tax expense comprises:

Current tax expense	1,055,290	745,652	495,143
Deferred tax expense	<u>(487)</u>	<u>(757)</u>	<u>(986)</u>
Tax expense	1,054,803	744,895	494,517

Deferred tax liability

Balance at the beginning of year	4,870	5,627	6,613
(Decrease)/increase for the year	<u>(487)</u>	<u>(757)</u>	<u>(986)</u>
	4,383	4,870	5,627

5. Cash and cash equivalents

Cash at bank	456,208	12,399,409	4,640,032
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6. Trade and other receivables

Current

Loan to APS Benefits Group	<u>167,514,392</u>	<u>148,124,648</u>	<u>107,200,325</u>
	167,514,392	148,124,648	107,200,325

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

7. Trade and other payables

	at 30 June 2023	at 30 June 2022	at 30 June 2021
Current	\$	\$	\$
Trade Creditors	-	35,944	60,982
Debenture Notes Issued	<u>129,348,345</u>	<u>121,530,776</u>	<u>77,310,702</u>
	129,348,345	121,566,720	77,371,684
Non-Current			
Debenture Notes Issued	21,487,255	24,988,208	24,735,639

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 debenture notes are repaid to members at the end of the note term.

The Company's obligation to repay is secured by the Company and APS Benefits Group Ltd (APSBG). APSBG has provided a guarantee supported by a charge over all the present and future property, assets and undertaking of APSBG (including all of its present and future rights in relation to that property, assets and undertaking) wherever situated.

8. Property, plant and equipment

	Plant and equipment
Gross carry amount	\$
Balance at 30 June 2021	47,685
Additions	-
Balance at 30 June 2022	47,685
Additions	-
Balance at 30 June 2023	47,685
Accumulated Depreciation	
Balance at 30 June 2021	26,041
Depreciation expense	<u>2,165</u>
Balance at 30 June 2022	28,206
Depreciation expense	<u>1,948</u>
Balance at 30 June 2023	<u>30,154</u>
Net Book Value	
As at 30 June 2021	21,644
As at 30 June 2022	19,479
As at 30 June 2023	<u>17,531</u>

9. Segment reporting

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

10. Contingent liabilities

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

11. Commitments

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

12. Related party transactions

Related party transactions consist of a \$167,514,392 (2022: \$146,124,648) loan to APS Benefits Group Ltd, interest earned of \$10,974,897 (2022: \$7,961,515) on the loan to APS Benefits Group Ltd and a \$14,400 (2021: \$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.

13. Share capital

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

	No. of shares 2023	No. of shares 2022	No. of share 2021
Balance at 1 July	4,000,000	2,000,000	1,000,000
Shares issued	—	<u>2,000,000</u>	<u>1,000,000</u>
Balance at 30 June	4,000,000	4,000,000	2,000,000

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 APSBG 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	at 30 June 2023	at 30 June 2022	at 30 June 2021
	\$	\$	\$
Balance 1 st July	1,099,737	573,562	448,894
Additional deposits	55,311	1,689,608	151,520
Interest received	51,443	37,924	20,667
Redemptions	<u>(235,187)</u>	<u>(1,201,820)</u>	<u>(47,519)</u>
Balance 30 th June	971,197	1,099,737	573,562

15. Reconciliation of cash flows from operating activities

Profit for period	3,164,410	2,234,687	1,407,473
Non cash flows in profit			
- Depreciation	1,948	2,165	2,405
Changes in assets and liabilities			
- (Increase)/Decrease in accrued interest receivable	(3,013,472)	(2,480,716)	(975,449)
- Increase/(Decrease) in accrued interest payable	<u>1,096,267</u>	<u>772,308</u>	<u>520,908</u>
	(1,249,153)	(528,451)	955,337

16. 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 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 Group 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 at 30 June. 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.

17. Auditors remuneration

Audit and review of financial statements	18,700	19,250	18,150
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18. 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% (2022 and 2021: 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.

2023

Financial assets	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Cash and cash equivalents	4,562	(4,562)	4,562	(4,562)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	1,675,144	(1,675,144)	1,675,144	(1,675,144)

Financial liabilities	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Debenture Notes	(1,508,356)	1,508,356	(1,508,356)	1,508,356

2022

Financial assets	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Cash and cash equivalents	123,994	(123,994)	123,994	(123,994)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	1,481,246	(1,481,246)	1,481,246	(1,481,246)

Financial liabilities	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Debenture Notes	(1,465,190)	1,465,190	(1,465,190)	1,465,190

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

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:	2023	2022	2021
Cash and cash equivalents	456,208	12,399,409	4,640,032
Security deposits	10,000	10,000	10,000
Loans	167,514,392	148,124,648	107,200,325
	<u>167,980,600</u>	<u>160,534,057</u>	<u>111,850,357</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 2023, 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-23				
Debenture Notes	87,244,851	41,215,675	22,375,074	-
Total				
30-Jun-22				
Debenture Notes	79,733,574	41,403,544	25,381,866	-
Total				
30-Jun-21				
Debenture Notes	49,002,077	28,308,625	24,735,639	-
Total				

19. 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.

7.6 Consolidated Statement of Profit or Loss and Other Comprehensive Income–APSBG

The following financial information relate to APSBG of which the Company is a subsidiary. It is not a report of the financial position of the Company itself. They are included here because of the importance of the financial position of APSBG to investors in APS notes, as the loan(s) to APSBG represent the Company's major asset (as shown on the Company's balance sheet) and the obligations of the Company to the Trustee are guaranteed by APSBG, and that guarantee by APSBG is secured by a charge over its assets. The financial statements and notes to the financial statements for APSBG have been extracted from pre-existing audited financial reports. Notes to the financial statements are included in Section 7.8 below.

	Note	June 2023 \$	Consolidated June 2022 \$	June 2021 \$
Revenue from operations		25,182,548	21,123,209	19,691,012
Employee benefits expense		(3,106,688)	(2,968,639)	(2,873,413)
Depreciation and amortization expense		(228,113)	(229,644)	(237,656)
Benefits paid to members		(3,221,943)	(3,098,264)	(2,732,393)
Changes in mortuary fund liabilities	3	(5,380,000)	(5,032,000)	(4,520,000)
Occupancy expense		(68,372)	(65,319)	(27,715)
Postage and telephone expense		(71,262)	(35,094)	(114,978)
Bad debts expense		(1,134,972)	(725,193)	(173,986)
External services expense		(1,300,945)	(948,517)	(974,274)
Board and AGM expenses		(244,535)	(230,763)	(214,974)
Interest expense on debenture notes issued		(6,552,171)	(4,874,586)	(3,438,164)
Interest expense on lease liabilities		(99,091)	(106,069)	(133,070)
Marketing expense		(130,388)	(106,268)	(146,526)
Other expenses		(876,056)	(758,137)	(684,289)
Operating surplus/(deficit) before tax		2,768,012	1,944,716	3,419,574
Income tax expense	1	(1,968,550)	(2,421,421)	(1,273,395)
Net surplus/(deficit) for the year		799,462	(476,705)	2,146,179
Other comprehensive income				
Total comprehensive income/(loss)		799,462	(476,705)	2,146,179

7.7 Consolidated Statement of Financial Position - APSBG

	June 2023 \$	Consolidated June 2022 \$	June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	7,230,802	39,150,547	11,222,796
Trade and other receivables	123,371,087	110,625,756	77,334,168
Other financial assets	5,890,087	5,274,389	7,372,778
Other current assets	174,735	197,769	233,141
Total current assets	136,666,711	155,248,461	96,162,883
NON-CURRENT ASSETS			
Trade and other receivables	139,912,603	110,904,692	119,755,819
Plant and equipment	398,521	431,630	407,203
Right of use assets	1,294,899	1,455,981	1,617,061
Deferred tax asset	909,200	845,431	834,380
Total non-current assets	142,515,223	113,637,734	122,614,463
Total assets	279,181,934	268,886,195	218,777,346
CURRENT LIABILITIES			
Trade and other payables	130,798,819	123,720,572	78,527,415
Current tax liabilities	860,804	271,925	211,841
Lease liabilities	121,916	118,073	106,343
Provisions	1,278,291	1,215,635	1,066,850
Mortuary fund	2,941,250	2,758,250	2,568,250
Total current liabilities	136,001,080	128,084,455	82,480,699
NON-CURRENT LIABILITIES			
Provisions	36,949	23,150	28,035
Lease liabilities	1,408,968	1,530,884	1,648,956
Debenture Notes Issued	21,487,255	24,988,208	24,735,639
Mortuary fund	113,851,750	108,654,750	103,812,750
Deferred tax liabilities	138,498	146,776	136,590
Total non-current liabilities	136,923,420	135,343,768	130,361,970
Total liabilities	272,924,500	263,428,223	212,842,669
EQUITY			
Reserves	6,257,434	5,457,972	5,934,677
	6,257,434	5,457,972	5,934,677

7.8 Notes to the Financial Statements for the Year Ended 30 June 2023 – APSBG

	2023	Consolidated 2022	2021
	\$	\$	\$
1. INCOME TAXES			
(A) Income Tax Expense			
Prima facie income tax expense calculated at 25% (2021: 26%) on the operating surplus and abnormal items	2,842,489	2,518,745	2,774,711
	2,842,489	2,518,745	2,774,711
Increase in Income Tax expense due to:-			
Non-tax assessable items:			
Entertainment expense	13,171	9,912	4,748
Other non-allowable deductions/(non taxable income)	(61,706)	874,497	(98,856)
Exempt member subscription income	(600,463)	(611,390)	(640,202)
Rebateable income	(18,785)	(20,373)	(12,140)
Under/(over) provisions in respect of prior year	(206,156)	(349,970)	(754,866)
Income tax expense attributable to operating surplus	<u>1,968,550</u>	<u>2,421,421</u>	<u>1,273,395</u>
(B) Components of Income Tax Expense			
The components of tax expense comprises:			
Current tax expense	2,246,754	2,772,256	1,016,075
Deferred tax expense	(72,048)	(865)	257,320
Overprovision in relation to prior period	<u>(206,156)</u>	<u>(349,970)</u>	-
	<u>1,968,550</u>	<u>2,421,421</u>	<u>1,273,395</u>

(C) Deferred Tax Asset and Liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

	1 July 2022	30 June 2023	Recognised in profit or loss
Provision for doubtful debts	216,032	263,093	47,061
Employee benefits	309,696	328,810	19,114
Plant and Equipment	(107,405)	(99,127)	8,278
Capital losses	200,197	200,197	-
Revenue losses	71,261	58,103	-
Other	<u>8,873</u>	<u>19,626</u>	<u>2,405</u>
	<u>698,655</u>	<u>770,702</u>	<u>72,048</u>
Deferred tax asset	845,431	909,200	-
Deferred tax liability	<u>(146,776)</u>	<u>(138,498)</u>	-
Net deferred tax asset	<u>698,655</u>	<u>770,702</u>	-

2. TRADE AND OTHER PAYABLES

	2023	2022	2021
CURRENT	\$	\$	\$
	-----	-----	-----
Sundry creditors	428,639	494,244	378,548
Trade creditors	79,909	43,746	208,527
Other accruals	941,926	2,278,551	629,638
Debenture Notes Issued	<u>129,348,345</u>	<u>121,530,776</u>	<u>77,310,702</u>
	<u>130,798,819</u>	<u>124,347,317</u>	<u>78,527,415</u>
NON-CURRENT			
Debenture Notes Issued	<u>21,487,255</u>	<u>24,988,208</u>	<u>24,735,639</u>
	<u>21,487,255</u>	<u>24,988,208</u>	<u>24,735,639</u>

3. MORTUARY FUND

Balance at start of period	111,413,000	106,381,000	101,861,000
Increase in mortuary fund	<u>5,380,000</u>	<u>5,032,000</u>	<u>4,520,000</u>
Balance at end of period	<u>116,793,000</u>	<u>111,413,000</u>	<u>106,381,000</u>
 Mortuary Fund - Current Liabilities	 2,941,250	 2,758,250	 2,568,250
Mortuary Fund - Non-Current Liabilities	113,851,750	108,654,750	103,812,750

The financial information for APSBG is based on 30 June 2023 audited accounts. The full audited accounts are available at www.apsbenefitsgroup.com.au or by asking for a copy by calling 1300 131 809.

8. Material Contracts

8.1 Summary of Material Contracts

The Company has in place the following material contracts which are critical to the Company's ability to make money and generate income and meet all key objectives of the Company:

- the **Loan Agreement** between the Company and APSBG which sets out the interest rate, repayment terms and conditions pertaining to the loan to APSBG. The Company is a wholly owned subsidiary of APSBG therefore this loan agreement is considered to be a related party agreement; and
- the **Trust Deed, General Security Deeds** and **APSBG Guarantee** referred to at section 8.2.

The terms of the Loan Agreement include the following:

- APSBG will borrow from the Company all of the funds that the Company has available to lend from time to time, which amount will fluctuate. There is no specified maximum or minimum loan amount. The Company will retain sufficient funds to meet its operational costs and liquidity requirements.
- The funds lent or any part of them will be repayable to the Company on demand. The loan agreement does not have a fixed term.
- The interest rate payable by APSBG is at least 1% p.a. higher than the highest interest rate payable by the Company on any of the APS Notes on issue. The interest rate or the means of determining the interest rate may be varied from time to time by agreement between the Company and APSBG. Interest will be calculated on a daily basis and paid monthly in arrears.
- Variations to the conditions of the loan agreement must be agreed by APSBG and the Company.

8.2 Trust Deed and Securities

By a Trust Deed dated 6 December 2011 (as amended) (Trust Deed) and a General Security Deed dated 1 March 2012 (Company General Security Deed) the Company granted a charge and security interest over all the present and future property, assets and undertaking of the Company (including all the Company's present and future rights in relation to the property, assets and undertaking) wherever situated in favour of the Trustee as trustee for Noteholders. By a General Security Deed dated 1 March 2012 (as amended) (APSBG General Security Deed) and a deed of guarantee dated 6 December 2011 (as amended) (APSBG Guarantee) APSBG as guarantor also granted a charge and security interest over the whole of its present and future property, assets and undertaking (including all its present and future rights in relation to that property, assets and undertaking) wherever situated in favour of the Trustee as trustee for Noteholders. A copy of the Trust Deed, APSBG Guarantee and the Company General Security Deed and the APSBG General Security Deed (together the "Security Documents") may be inspected by Noteholders at the registered office of the Company during normal business hours.

Under the Trust Deed, the Trustee holds in trust for the benefit of the APS Noteholders (among other things) the right to enforce the Company's duty to repay monies owed to the APS Noteholders by the Company or APSBG pursuant to the terms of the Trust Deed, APSBG Guarantee or the terms of issue of any of the APS Notes (among other things), any charge or security for repayment, the right to enforce any other duties that the Company has under the terms of the APS Notes, the provisions of the Trust Deed or Chapter 2L of the Corporations Act, and all other property which the Trustee acquires in accordance with the Trust Deed to hold pursuant to the trust constituted by the Trust Deed.

The liability of the Trustee to APS Noteholders arising under or in connection with the Trust Deed is limited to and can be enforced by the APS Noteholders against the Trustee only to the extent to which it can be satisfied out of any property of the Trust held by the Trustee out of which the Trustee is actually indemnified for the liability.

The Security Documents secure the payment to the Trustee of all money from time to time owed by the Company to APS Noteholders and to the Trustee.

Use of money by APSBG

The APSBG Guarantee includes a covenant by APSBG that it will not lend, advance, transfer or otherwise make available any money lent to it by the Company to any Related Body Corporate (as defined in the Corporations Act) of APSBG, other than the Company.

8.3 Limitation on Borrowing

The power of the Company to borrow is limited by clause 7.2 of the Trust Deed. The Company covenants with the Trustee that it will not at any time issue any APS Notes nor will the Company suffer to exist any encumbrance over its property or assets if the Company's "Net Tangible Assets" do not exceed \$250,000. In that clause "Net Tangible Assets" means the Company's "Total Tangible Assets" less "Total External Liabilities". "Total Tangible Assets" means total tangible assets of the Company as calculated in accordance with generally accepted accounting principles. "Total External Liabilities" means at any time the aggregate at that time (as disclosed by the last audited balance sheet of the Company) of all secured and unsecured liabilities of the Company, including provisions for estimated liabilities and for dividends recommended, declared or accrued but unpaid, but excluding any borrowing, loan or financial accommodation which ranks for repayment behind monies owed to the APS Noteholders by the Company or APSBG under or pursuant to the terms of the Trust Deed, APSBG Guarantee or the terms of issue of any of the APS Notes (among other things).

Interest

The Trust Deed provides that interest will continue to accrue to the date of redemption of APS Notes. Where the Company does not redeem APS Notes on the due date, interest will accrue until actual repayment of the APS Notes. All interest accruing in this way is secured under the terms of the Trust Deed.

Amendment to the Trust Deed

The Company and the Trustee can amend the Trust Deed by various methods including by an extraordinary resolution of Noteholders (being a resolution passed at a meeting of Noteholders and carried by a majority consisting of at least 75% of persons voting at the meeting, or if a poll is demanded, 75% by value of the total amount paid up on the APS Notes), or notification to them with an offer to redeem.

9. Anti-Money Laundering and Counter-Terrorism Financing

You must not knowingly do anything to put the Company in breach of the Anti-Money Laundering and Counter Terrorism Financing Act 2006, rules and other subordinate instruments (AML/CTF Laws). You undertake to notify the Company if you are aware of anything that would put the Company in breach of AML/CTF Laws.

If requested you must provide additional information and assistance and comply with all reasonable requests to facilitate the Company's compliance with AML/CTF Laws in Australia or an equivalent law in an overseas jurisdiction.

You undertake that you are not aware and have no reason to suspect that:

- the money used to fund the investment is derived from or related to money laundering, terrorism financing or similar activities (Illegal Activities); and
- proceeds of investment made in connection with this product will fund Illegal Activities.

The Company is subject to AML/CTF Laws. In making an application pursuant to this Prospectus you consent to the Company disclosing in connection with AML/CTF Laws any of your personal information as defined in the Privacy Act 1988 (Cth) the Company has.

In certain circumstances the Company may be obliged to freeze or block an account where it is used in connection with Illegal Activities or suspected Illegal Activities. Freezing or blocking can arise as a result of the account monitoring that is required by AML/CTF Laws. If this occurs, the Company is not liable to you for any consequences or losses whatsoever and you agree to indemnify the Company if the Company is found liable to a third party in connection with the freezing or blocking of your account.

The Company retains the right not to provide services to any Applicant that the Company decides, in its sole discretion, that it does not wish to supply.

10. Corporations Act Requirements

10.1 Interest and Payments

No Director, or a firm of which a Director is a member, has an interest in the promotion of the Company or in property proposed to be acquired by the Company in connection with its formation or promotion or the offer of APS Notes that existed when the Prospectus was lodged or existed within two years before the lodging of the Prospectus.

The Directors are also the directors of APSBG of which the Company is a subsidiary.

No amounts have been paid or agreed to be paid in cash or shares or otherwise:

1. to any Director or a firm of which the Director is a member, to induce the Director to become or to qualify as a director or otherwise for services rendered by the Director or the firm in connection with the promotion of the Company, or
2. to the Directors or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the promotion or distribution of this prospectus.

10.2 Consents and Responsibility Statements

The Trustee has consented to be named as Trustee in this Prospectus. However, the Trustee has not authorised or caused the issue of this Prospectus and was not involved in preparing, nor does it take responsibility for, this Prospectus (other than statements referring directly to the Trustee).

Other than the parts of this Prospectus which refer directly to the Trustee, the Trustee has not made any representations as to the truth or accuracy of the contents of this Prospectus nor does the Trustee accept any responsibility for any statements or omissions in or from any other parts of this Prospectus.

Other than the parts of this Prospectus which refer directly to the Trustee, the Trustee has relied upon the Company for the accuracy of the content of this Prospectus.

The Trustee has no involvement in the approval of any related party loans or any other steps taken under or in connection with the Company's affairs and operations except what is provided for in the Trust Deed.

The Trustee does not make any representations as to the performance of the Company, the compliance with benchmarks, the maintenance of capital or any particular rate of return.

APSBG has given its written consent to be named in this Prospectus and for the inclusion of the information as it relates to APSBG. APSBG has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

APS Tax Accounting & Business Services Pty Ltd has given and not withdrawn its written consent to be named as Accountants. APS Tax Accounting & Business Services Pty Ltd has not been involved in the preparation of any other part of this Prospectus, has not authorised or caused the issue of any part of this Prospectus and specifically disclaims liability to any person in respect of statements included elsewhere in this Prospectus.

Grant Thornton Audit Pty Ltd has given and not withdrawn its written consent to the issue of this Prospectus with the Auditor's Report set out in Section 7 in the form and context in which it is included. Grant Thornton Audit Pty Ltd has not been involved in the preparation of any other part of this Prospectus, has not authorised or caused the issue of any part of this Prospectus and specifically disclaims liability to any person in respect of statements included elsewhere in this Prospectus.

Holley Nethercote Lawyers has acted as legal adviser in relation to the review of this Prospectus in respect of this work, the Company estimates that it will pay approximately \$8,000 (excluding disbursements and GST) to Holley Nethercote Lawyers for work up to the date of this Prospectus. Further amounts may be paid to Holley Nethercote Lawyers in accordance with its normal time-based charges.

Holley Nethercote has given and not withdrawn its written consent to be named as Solicitors to the Company in this Prospectus. Holley Nethercote has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Prospectus.

10.3 Register of Noteholders

The Company maintains a register of Noteholders at its registered office in accordance with its obligations under the Corporations Act. APS Noteholders and other persons have a limited right to inspect the Register, or request the Company to provide a copy of the Register or part of the Register in accordance with a declaration by ASIC.

10.4 Complaints Procedure

The Company's policy is to handle complaints by APS Noteholders promptly and fairly. If you have a complaint, you can contact the Company's Complaints Officer using the following details:

- Visit our registered Office: 440 William Street, West Melbourne Vic 3003
- Telephone: 1300 131 809
- Email: info@apsbenefitsgroup.com.au

Our Complaints Officer will acknowledge receipt of your complaint within 24 hours and advise you of the decision on your complaint in writing within 30 calendar days.

If you feel we have not satisfactorily resolved your complaint, you may refer your complaint to an independent and external complaints handling body called the Australian Financial Complaint Authority (AFCA). You can contact AFCA at 1800 931 678, info@afca.org.au or at www.afca.org.au.

11. DIRECTORS' STATEMENT

The Directors declare that for the period ended 30 June 2023, to the date of this Prospectus, and other than as disclosed in this Prospectus, they have not become aware of any circumstances which have or will, in their opinion, materially affect the trading and profitability of APS Savings Limited or the APS Benefits Group Limited or the value of either entity's assets or liabilities.

If you do not understand any of the material in this Prospectus, the Directors urge you to consult your financial adviser or accountant.

The Directors of the Company have consented to the lodgement of this Prospectus with ASIC.



Chair

Tim Chilvers



Company Secretary

Craig Walden

Applicant 1 details

Company Name (if applicable)

ABN

Title

Given name(s)

Surname

Date of birth

Email

Residential address

Suburb

State

Postcode

Phone number

Mobile number

Identity Documents (new investors only)

Please provide 2 of the following document details

Drivers licence no.

Drivers licence card no.

State

Medicare Card Number

Medicare Card Expiry

Passport Number

Passport Expiry

Tax File Number (company TFN if applicable)

☐ My Tax File Number is ☐ I wish to claim an exemption (please specify below)

☐ I authorise for the above Tax File Number (s) or exemption (s) to be applied to this investment and any subsequent investments in my/our name(s).

Applicant 2 details

Title

Given name(s)

Surname

Date of birth

Email

Residential address

Suburb

State

Postcode

Phone number

Mobile number

Identity Documents (new investors only)

Please provide 2 of the following document details

Drivers licence no.

Drivers licence card no.

State

Medicare Card Number

Medicare Card Expiry

Passport Number

Passport Expiry

Tax File Number (company TFN if applicable)

☐ I wish to quote my Tax File Number ☐ I wish to claim an exemption (please specify below)

☐ I authorise for the above Tax File Number (s) or exemption (s) to be applied to this investment and any subsequent investments in my/our name(s).

Account Information

Amount to be Invested (including funds being renewed if applicable)

\$

☐ I am renewing my existing investment and adding additional funds

Operating Instructions

☐ Either to Sign

☐ All to Sign

Interest Instructions

Select interest rate and term:

☐ 5.50%p.a. - 24 Month term

☐ 5.00%p.a. - 12 Month Term

☐ 4.50% p.a. - 6 Month Term

☐ 4.25%p.a. - 31 Day Notice of Withdrawal

How would you like your monthly interest paid?*

☐ Added to the principal

☐ Deposited into the account specified below

Account Name

BSB

Account number

Interest on APS Notes will be paid monthly on the anniversary of the investment. Interest rates and investment terms may be varied by APS Savings Limited at any time. Variations will only apply to applications lodged on or after the date of variation. Current interest rates for APS Notes in APS Savings Limited are set out on our Interest Rate Card, which can be obtained from our office, or www.apsbenefitsgroup.com.au/term-investments/. Applicants are advised to confirm with APS Savings Limited that the Investment Application Form and Interest Rate Card are still current prior to completion of this form. If the interest rate or investment period specified in any application made by an investor is out of date, application monies may be refunded on the terms set out in the Prospectus.

* Interest for 31 Day Notes is calculated daily and credited to the investment on the first day of each month.

Payment Details

How will you be forwarding your funds to APS Savings?

Direct Debit - Please complete the direct debit form at the end of the application pack

Internet Bank Transfer - Please transfer your funds to the bank account below

- **BSB:**063 158 **Account:**1034 3634 **Name of A/C:** APS Savings Ltd
- Reference (*Your name or member number*)

Investment Type

☐ Investment held in one name only

☐ Investment held in more than one name

☐ Investment by a company/super fund

☐ Investment held by partnership*

☐ Trust account or investment held for a child

**Please refer to FAQ's for documents required when opening an account on behalf of a business or trust.*

Would you like to receive SMS notifications relating to transactions occurring on this account? You may opt-out at any time by phoning APS Benefits Group.

Yes

No

Where did you hear about us?

☐ Already a member/client

☐ Social Media

☐ Family/friend

Declaration

By submitting this Investment Application Form, I/we declare that I/we:

- wish to apply for APS Notes of APS Savings Limited ABN 150 630 694 ('APS Savings') as detailed above on the terms and conditions contained in Prospectus No. 12 dated 6 December 2023 ('the Prospectus') and on this Investment Application Form;
- have received a copy of the Prospectus and have read the Prospectus in full;
- agree to be bound by the provisions of the Trust Deed referred to in the Prospectus as amended from time to time and to be registered as the holder of the APS Notes;
- represent and warrant that all details and statements made by me/us are complete and accurate and acknowledge that APS Savings will not be liable for any errors or omissions in any information provided by me/us or a person duly authorised to act on my/our behalf;
- agree and consent to APS Savings collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Collection Statement and the Privacy Policy;
- where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to disclose their information to APS Savings;
- acknowledge that once APS Savings accepts my/our Investment Application Form, I/we may not withdraw it;
- acknowledge that my/our application may be rejected or scaled back by APS Savings in its absolute discretion and that in that case all or some (as applicable) of my/our application monies will be refunded to me/us exclusive of interest as soon as practicable;
- acknowledge that APS Savings may act on any instruction, without further enquiry or delay, from any person that APS Savings reasonably believes to be me/us or a person duly authorised to act on my/our behalf and, to the extent permitted by law, APS Savings will not be liable for any loss or damage resulting from APS Savings acting in accordance with what APS Savings reasonably believes to be your instructions;
- authorise APS Savings and its representatives and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the APS Notices to be issued to me/us;
- am/are over 18 years of age;
- acknowledge that APS Savings do not guarantee any particular rate of return on the APS Notes, and that the APS Notes are not bank deposits and the depositor protection provisions in under Australian banking legislation will not cover APS Notes;
- acknowledge that the information contained in the Prospectus (including any supplementary or replacement prospectus) is not investment advice or a recommendation that the APS Notes are suitable for me/us, and that APS Savings has not taken into account my/our investment objectives, financial situation or needs;
- am/are not considered a resident of the United States for tax purposes;
- have not received the Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia;
- represent and warrant that I/we am/are not prohibited by law from being given the Prospectus or making an application;
- acknowledge that this Investment Application Form is not to be handed to any person unless accompanied by the Prospectus to which it relates;
- acknowledge that no APS Notes will be issued on the basis of this Prospectus after 5 January 2025; and
- understand and agree that APS Savings may disclose my/our name, address and/or date of birth to a credit reporting body ('CRB') to assist us to verify my/our identity as required by anti-money laundering and counter-terrorism financing laws and regulations. APS Savings may request the CRB to provide an assessment of whether the personal information it holds matches (in whole or part) personal information held by the CRB and the CRB may prepare and provide APS Savings such an assessment. The CRB may use the personal information provided by APS Savings and personal information of other individuals held by the CRB to prepare such an assessment. I/we understand that an alternative means of verifying my/our identity has been made available to me/us.

Privacy Collection Statement

Personal information collected in this application form by APS Savings will be handled in accordance with the Privacy Act 1988 and the Privacy Policy available at www.apsbenefitsgroup.com.au. APS Savings collects your personal information to facilitate the issue of APS Notes to you, inform you about our products or services, maintain up-to-date contact details and fulfill our legal obligations such as those that arise under anti-money laundering and counter-terrorism laws and regulations. Your personal information collected in this application form will be recorded in a note register that we are required by law to keep and may be copied or inspected by the Trustee, auditor or as required by law. APS Savings may also disclose your personal information to its holding company (APS Benefits Group Ltd) and its third-party service providers, such as our mailroom service. APS Savings is not likely to disclose your personal information to overseas recipients. If we do not collect your personal information, we may not be able to deal with you or to provide you with our financial services or products. The Privacy Policy contains information about how you may access and seek correction of your personal information. The Privacy Policy also contains information about how you may make a complaint about our handling of your personal information and how such a complaint will be dealt with.

☐ I/we consent for APS Savings to provide me/us with access to APS Online

☐ I/we consent to receiving SMS to authorise access to my/our APS Online Account

☐ I/we consent to receiving direct marketing communications about APS Savings' products and services (optional).

Applicant 1

☐ I am a Politically Exposed Person (PEP - refer section 4.1 in the Prospectus)

Title

Given name(s)

Surname

Date



Signature

Applicant 2

☐ I am a Politically Exposed Person (PEP - refer section 4.1 in the Prospectus)

Title

Given name(s)

Surname

Date



Signature

Send your completed application to:

savings@apsbenefitsgroup.com.au

Direct Debit Authority for APS Savings

Investor No. (if known)	
Name(s)	
Name(s)	
Preferred Phone	
Email	

I/We request and authorise APS Savings Ltd (ABN 21 150 630 694 & AFSLN 405934) to arrange for the amount to be invested (as specified in the Investment Application Form) to be debited from my/our account at the financial institution identified below through the Bulk Electronic Clearing System (BECS) and paid to APS Savings Ltd.

I/We have read and agree to the Direct Debit Terms and Conditions governing the direct debit arrangements between me/us and APS Savings Ltd.

Payment Details (Your financial institution account details)

Account Name					
Name of Institution		BSB Number		Account Number	
Amount	\$				

Frequency of Deduction (NOW account only)

One- off		Weekly		Fortnightly		Monthly	
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Signature(s).....Date...../...../.....

Signature(s).....Date...../...../.....

The nominated bank account must be in the same name/s as the applicant/s. Third party accounts will not be accepted. We may take additional steps to verify the accuracy of any bank account details provided to us. If a joint bank account is nominated, both parties must sign.

1. Debiting your Account

1.1 By signing a direct debit authority, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit authority and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit authority.

1.3 If the debit day falls on a day that is not a business day, we may direct your financial institution to debit your account on the following business day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

2. Changes by Us

2.1 We may vary any details of this agreement or a direct debit authority at any time by giving you at least 14 days' written notice.

2.2 Any notice will be deemed to have been received five business days after it is posted.

3. Changes by You

3.1 Subject to 3.2, you may change the arrangements under a direct debit authority by contacting us on 1300 131 809.

3.2 If you wish to stop, defer or cancel a debit payment you must notify us in writing at least 14 days before the next debit day. This notice should be given to us in the first instance.

4. Your Responsibilities

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit authority.

4.2 You should check your account statement to verify that the amounts debited from your account are correct.

4.3 Check with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions

4.4 If, for any reason, we are unable to withdraw the required amounts we will write to you.

5. Dispute

5.1 If you believe that there has been an error in debiting your account, you should notify us directly and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. You may contact us on 1300 131 809.

5.2 If we conclude as a result of our investigations that your account has been incorrectly debited, we will respond to your query by arranging for your financial institution to adjust your account.