



APS Savings Limited

Report for the Half Year Ended 31 December, 2017

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DIRECTORS' REPORT

The Directors of APS Savings Ltd present their report for the half-year ended 31 December 2017. The Directors in office at any time during, or since the end of the year are:

Name and Qualifications	Experience and Special Responsibilities
GLEN MILNER , Age 66 Chair, B.Bus Public Admin, MAICD Appointed as a non-executive Director in October 2011 and Chair in November 2017	Company Director ex-Bureau of Meteorology, Manager 44 years' experience Director of parent – APS Benefits Group Ltd and its subsidiaries - APS Financial Planning Pty Ltd, APS Tax, Accounting and Business Services Pty Ltd and APS Wills and Estates Pty Ltd. Director of related entity APS Benevolent Foundation Ltd
KAYE KIENI , Age 54 Director, B.Bus (Acc), GDip Information Systems Master of Information Systems Management, Certificate in Governance and Risk Management, CPA Appointed as a non-executive Director in October 2014	Director, Finance, Productivity Commission 28 years' experience Audit Finance and Governance Committee Chair Director of parent – APS Benefits Group Ltd
PHILIP MASON , Age 58 Director, MAICD, FCPA Appointed as a non-executive Director in April 2011 and	City of Yarra, Finance Coordinator 38 years' experience Audit Finance & Governance Committee Director of parent – APS Benefits Group Ltd
MAURICE BARCLAY , Age 62 Director, BAgSc Hons. (Melb), MAICD Appointed as a non-executive Director in April 2011	Consultant – Business Management ex-Australia Post, 38 years' experience Director of parent – APS Benefits Group Ltd
JOHN CORIN , Age 67 Director, MAICD Appointed as a non-executive Director in April 2011	Company Director ex-ACCC, Director Corporate Services, 43 years Director of parent – APS Benefits Group Ltd
SHARON MORRIS , Age 46 Director, BA (Psych & Politics), GDip Public Relations and Counselling, MAICD Appointed as a non-executive Director in October 2014	CEO, Mother's Day Classic Foundation 24 years' experience Director of parent – APS Benefits Group Ltd
KATE FAZIO , Age 32 Director, BA (Media & Comms), B Laws (Hons), GDip Legal Practice, GCert Social Impact, Masters of Social Impact and Philanthropy Appointed as a non-executive Director in October 2016	Manager – Digital Innovation Strategies, Justice Connect 10 years' experience Director of parent – APS Benefits Group Ltd Director – YWCA Aust

PRINCIPAL ACTIVITIES AND OBJECTIVES

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

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

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

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

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

FINANCIAL RESULTS

The surplus of the Company for the half-year after providing for income tax amounted to \$551,181 (2016: \$526,572).

SUBSEQUENT EVENTS

There has not been any matter, or circumstances, occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

ENVIRONMENTAL ISSUES

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

DIVIDENDS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

OPTIONS, INDEMNITIES AND COURT PROCEEDINGS

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

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

DIRECTORS' INTERESTS

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

DIRECTORS' MEETINGS

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

	Held	Attended
G MILNER	2	2
K KIENI	2	2
J CORIN	2	2
P MASON	2	2
M BARCLAY	2	2
S MORRIS	2	2
K FAZIO	2	2

DIRECTORS' BENEFITS

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

NON-AUDIT SERVICES

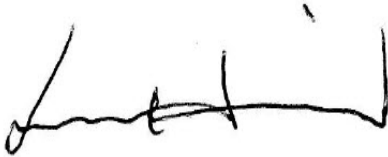
The Board of Directors is satisfied that the provision of non-audit services during the half-year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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



Chairman – G Milner



Director – K Kieni

Dated this 9th day of March 2018.

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Auditor's Independence Declaration to the Directors of APS Savings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of APS Savings Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S C Trivett
Partner – Audit & Assurance

Melbourne, 9 March 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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APS SAVINGS LTD

ABN 21 150 630 694

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

Income	Note	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
		\$	\$
Interest received - APSBS	2	1,609,830	1,409,196
Interest/fees received – other	2	70	113
Total income		<u>1,609,900</u>	<u>1,409,309</u>
Expenses			
General administration		(53,772)	(61,263)
Depreciation and amortisation		(1,519)	(1,156)
Interest - APS Noteholders		<u>(794,359)</u>	<u>(594,644)</u>
Total expenses		<u>(849,650)</u>	<u>(657,063)</u>
Profit before tax		<u>760,250</u>	<u>752,246</u>
Income tax expense		<u>(209,069)</u>	<u>(225,674)</u>
Net profit after tax		<u>551,181</u>	<u>526,572</u>
Total comprehensive income		<u>551,181</u>	<u>526,572</u>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	at 31 Dec 2017	at 30 June 2017
		\$	\$
Current Assets			
Cash and cash equivalents	3	2,361,168	797,635
Loan - APS Benefits Limited	4	<u>45,285,678</u>	<u>38,829,140</u>
Total Current Assets		47,646,846	39,626,775
Non-current Assets			
Other financial assets		10,000	10,000
Plant and equipment	6	<u>31,305</u>	<u>20,812</u>
Total Non-Current Assets		<u>41,305</u>	<u>32,812</u>
Total Assets		<u>47,688,151</u>	<u>39,657,587</u>
Current Liabilities			
Trade Creditors	5	100	-
APS Noteholders	5	<u>35,123,946</u>	<u>28,451,870</u>
Total Current Liabilities		35,124,046	28,451,870
Non-Current Liabilities			
APS Noteholders	5	8,329,470	7,522,263
Deferred Tax Liability		<u>6,243</u>	<u>6,243</u>
Total Non-Current Liabilities		<u>8,335,713</u>	<u>7,528,506</u>
Total Liabilities		<u>43,459,759</u>	<u>35,980,376</u>
Net Assets		<u>4,228,392</u>	<u>3,677,211</u>
Equity			
Contributed Equity		1,000,000	1,000,000
Retained Earnings		2,677,211	1,563,517
Current Year Earnings		551,181	1,113,694
Total Equity		<u>4,228,392</u>	<u>3,677,211</u>

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

APS SAVINGS LTD
ABN 21 150 630 694

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2017

For the Half-Year ended 31 December 2017	\$
Balance at 1 July 2017	3,677,211
Profit for the period	<u>551,181</u>
Balance at 31 December 2017	4,228,392
For the Half-Year ended 31 December 2016	\$
Balance at 1 July 2016	2,563,517
Profit for the period	<u>526,572</u>
Balance at 31 December 2016	3,090,089

STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2017

	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
	\$	\$
Operating activities		
Payments to suppliers	(53,672)	(44,763)
Interest paid	(794,359)	(594,644)
Tax	(209,069)	-
Payment for property plan and equipment	(12,012)	-
Interest received	<u>2,980,615</u>	<u>1,675,263</u>
Net cash from operating activities	1,911,503	1,035,856
Financing activities		
Deposits from investors	7,479,283	6,957,851
Loan to APS Benefits	<u>(7,827,253)</u>	<u>(7,457,012)</u>
Net cash used in financing activities	(347,970)	(499,161)
Net change in cash and cash equivalents	1,563,533	536,695
Cash at the beginning of the financial half-year	<u>797,635</u>	<u>472,450</u>
Cash at the end of the financial half-year	<u>2,361,168</u>	<u>1,009,145</u>

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

APS SAVINGS LTD

ABN 21 150 630 694

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

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

Basis of Preparation

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

This half-year financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The half-year financial report was approved by the Board of Directors on March 9th, 2018.

Significant Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the Company's last annual financial report for the year ended 30 June 2017 with the following updates.

There were no new and revised accounting standards and interpretations issued by the Accounting Standards Board in the period that had any significant relevance to the operations of the Company.

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 \$45,285,678 (June 2017: \$38,829,140).

APS SAVINGS LTD

ABN 21 150 630 694

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	at 31 December 2017	at 31 December 2016
	\$	\$
NOTE 2 REVENUE		
Interest on loan to APS Benefits	1,609,830	1,409,196
Other interest/income	70	113
	<u>1,609,900</u>	<u>1,409,309</u>

	at 31 December 2017	at 30 June 2017
	\$	\$
NOTE 3 CASH AND CASH EQUIVALENTS		
Cash at Bank	2,361,168	797,635

NOTE 4 TRADE AND OTHER RECEIVABLES

CURRENT

Loan to APS Benefits	45,285,678	38,829,140
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Debenture Notes Issued are loaned to the related party APS Benefits Group Ltd at interest.

NOTE 5 TRADE AND OTHER PAYABLES

CURRENT

Trade Creditors	100	-
Debenture Notes issued	<u>35,123,946</u>	<u>28,451,870</u>
	35,124,046	<u>28,451,870</u>

NON-CURRENT

Deferred Tax Liability	6,243	-
Debenture Notes issued	<u>8,329,470</u>	<u>7,522,263</u>
	<u>8,335,713</u>	<u>7,522,263</u>

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

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment
	\$
Gross carrying amount	
Balance at 30 June 2016	<u>35,673</u>
Additions	<u>-</u>
Balance at 30 June 2017	35,673
Additions	<u>12,012</u>
Balance at 31 December 2017	<u>47,685</u>
Accumulated Depreciation	
Balance at 30 June 2016	<u>12,549</u>
Depreciation expense	<u>2,312</u>
Balance at 30 June 2017	14,861
Depreciation expense	<u>1,519</u>
Balance at 31 December 2017	<u>16,380</u>
Net Book Value	
As at 30 June 2017	20,812
As at 31 December 2017	<u>31,305</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 7 SEGMENT REPORTING

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

NOTE 8 CONTINGENT LIABILITIES

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

NOTE 9 SHARE CAPITAL

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

	31/12/2017	30/6/2017
Shares beginning of year	1,000,000	1,000,000
Share issue	-	-
Total shares issued	1,000,000	1,000,000

NOTE 10 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and financial liabilities measured and recognised at fair value at 31 December 2017 and 31 December 2016 on a recurring basis are as follows:

	31 December 2017	31 December 2016
	\$	\$
Financial Assets – Level 1		
Cash and cash equivalents	2,361,168	1,009,145
Security deposit	10,000	10,000
Loan receivable from APS Benefits	45,285,678	34,212,683
Financial Liabilities – Level 1		
Debenture Notes	43,453,416	31,538,790

NOTE 11 EVENTS AFTER THE REPORTING DATE

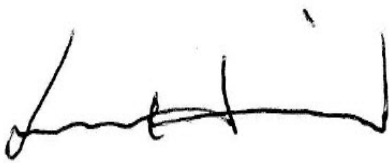
No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

APS SAVINGS LTD
ABN 21 150 630 694
DIRECTORS' DECLARATION

The Directors declare that:

1. The financial statements and notes, as set out on pages 6 to 10, are in accordance with the *Corporations Act 2001*:
 - (a) comply with accounting standards and the Corporations Regulations 2001 and Australian Accounting Standard AASB134 'Interim Financial Reporting'; and
 - (b) give a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5) of the Corporations Act 2001.



Chairman – G Milner



Director – K Kieni

Dated this 9th day of March 2018.

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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 financial report of APS Savings Ltd (the Company) which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code). We confirm that the Independence Declaration required by the *Corporations Act, 2001*, which has been given to the Directors of APS Savings Limited on 9 March 2013, would be in the same terms if given to the Directors as at the date of this Auditor's Report. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter: Basis of Preparation

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

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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 half year report for the half year ended 31 December 2017, 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 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.

Responsibilities of the Directors' for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

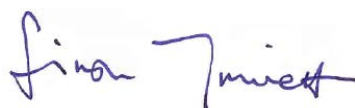
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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/ar3.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S C Trivett
Partner - Audit & Assurance

Melbourne, 13 March 2018