



# APS Savings Limited

## Annual Report to 30 June, 2015

**APS Savings Ltd**

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ABN 21 150 630 694 AFSL No. 405934

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**AFSL No: 405934**

## **DIRECTORS' REPORT**

The Directors of APS Savings Ltd present their report for the year ended 30 June 2015. The Directors in office at any time during, or since the end of the year are:

<b>Name and Qualifications</b>	<b>Experience and Special Responsibilities</b>
<b>PHILIP MASON</b> , Age 56 Director, MAICD, FCPA Appointed as a non executive Director in April 2011 and Chairman in October 2014	City of Yarra, Manager 37 years experience Audit Finance & Governance and Remuneration Committees Director of parent – Australian Public Service Benevolent Society Ltd and its subsidiaries - APS Financial Planning Pty Ltd, APS Wills and Estates Pty Ltd and APS Tax, Accounting and Business Services Pty Ltd
<b>JOHN CORIN</b> , Age 65 Chairman, MAICD Appointed as a non executive Director in April 2011	Company Director ex-ACCC, Director Corporate Services, 43 years Business Development and Remuneration Committees Director of parent – Australian Public Service Benevolent Society Ltd,
<b>ANTHONY McINERNEY</b> , Age 69 Director, MAICD Appointed as a non executive Director in April 2011 Resigned in October 2014	Consultant – Business Management ex-Australian Taxation Office, 39 years Director of parent – Australian Public Service Benevolent Society Ltd
<b>ANDREW ORME</b> , Age 39 Director, LLB (Melb), BSc (Melb) Appointed as a non executive Director in April 2011	Australian Taxation Office 15 years experience Chairman, Audit, Finance & Governance Committee Director of parent – Australian Public Service Benevolent Society Ltd
<b>BRONWYN STREET</b> , Age 69 Director, MBA, FFIA, CFRE, GAICD Appointed as a non executive Director in April 2011. Resigned in October 2014	Consultant 46 years experience Director of parent – Australian Public Service Benevolent Society Ltd
<b>MAURICE BARCLAY</b> , Age 59 Director, BAgSc Hons. (Melb), MAICD Appointed as a non executive Director in April 2011	Consultant – Business Management ex-Australia Post, 36 years experience Chairman, Business Development Committee Director of parent – Australian Public Service Benevolent Society Ltd Director of Health Metrics Pty Ltd
<b>KAYE KIENI</b> , Age 51 Director, B.Bus(Acc), GDip Information Systems Master of Information Systems Management, CPA Appointed as a non executive Director October 2014	Director, Finance, Productivity Commission 25 years experience Audit Finance and Governance Committee Director of parent – Australian Public Service Benevolent Society Ltd
<b>SHARON MORRIS</b> , Age 43 Director, BA(Psych & Politics), GDip Public Relations and Counselling, MAICD Appointed as a non executive Director in October 2014	CEO, Mother's Day Classic 21 years experience Business Development Committee Director of parent – Australian Public Service Benevolent Society Ltd
<b>GLEN MILNER</b> , Age 63 Director, B.Bus Public Admin Appointed as a non executive Director in October 2011	Bureau of Meteorology, Manager 45 years experience Remuneration committee Director of parent – Australian Public Service Benevolent Society Ltd

## **PRINCIPAL ACTIVITIES AND OBJECTIVES**

The Company's principal activities during the year were:

- To accept investments in the form of interest-bearing APS Notes and to make loans at interest to Australian Public Service Benevolent Society Ltd.

APS Savings Limited is a wholly owned subsidiary of the Australian Public Service Benevolent Society 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 year after providing for income tax amounted to \$397,919 (2014 – \$458,959).

## **SUBSEQUENT EVENTS**

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

## APS SAVINGS LTD

ABN 21 150 630 694

### 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 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 financial year.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in state of affairs of the Company occurred during the year and at 30 June 2015.

### OPTIONS AND INDEMNITIES

No options over member interests in the Company or a controlled entity were granted during or since the end of the financial 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 financial 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 financial 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 by 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 financial 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 financial year, no Director of the Company has received, or become entitled to receive any benefit by reason of a contract made by the Company with the Director, or with a Company in which the Director has a substantial interest.

### DIRECTORS' MEETINGS

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

	Board		Audit/Finance/Governance	
	Held	Attended	Held	Attended
P MASON	4	4	3	3
J CORIN	4	4	-	-
A McINERNEY	2	2	-	-
B STREET	2	2	1	1
A ORME	4	4	3	3
M BARCLAY	4	4	-	-
G MILNER	4	3	-	-
K KIENI	2	2	2	2
S MORRIS	2	1	-	-

### DIRECTORS' BENEFITS

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

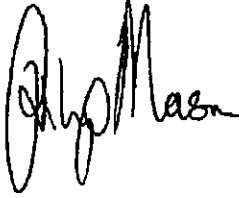
### NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the financial 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:

A handwritten signature in black ink, appearing to read 'P Mason', with a large, stylized initial 'P'.

Chairman - P Mason

A handwritten signature in black ink, appearing to read 'J Corin', with a large, stylized initial 'J'.

Director - J Corin

Dated this 14th day of September 2015.

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**Auditor's Independence Declaration  
To the Directors of APS Savings Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of APS Savings Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S.C. Trivett  
Partner - Audit & Assurance

Melbourne, 14 September 2015

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

**APS SAVINGS LTD**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Income	Note	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Interest received - APSBS	2	1,187,109	1,390,736
Sundry income	2	<u>4,292</u>	<u>594</u>
Total income		1,191,401	1,391,330
<b>Expenses</b>			
General administration		(89,951)	(96,625)
Depreciation and amortisation		(2,855)	(3,172)
Interest - APS Noteholders		<u>(530,139)</u>	<u>(673,166)</u>
Total expenses		<u>(622,945)</u>	<u>(772,963)</u>
Profit/(loss) before tax		<u>568,456</u>	<u>618,367</u>
Income tax expense	4	<u>(170,537)</u>	<u>(159,408)</u>
Net profit/(loss) after tax		<u>397,919</u>	<u>458,959</u>
 Total comprehensive income		<u>397,919</u>	<u>458,959</u>

**STATEMENT OF FINANCIAL POSITION**

	Note	at 30 June 2015 \$	at 30 June 2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	183,311	452,752
Trade and other receivables	6	<u>15,974,683</u>	<u>11,716,694</u>
Total Current Assets		16,157,994	12,169,446
<b>Non Current Assets</b>			
Other financial assets		10,000	10,000
Plant and equipment	8	25,694	28,549
Deferred Tax Assets	4	<u>7,406</u>	<u>14,812</u>
Total Non Current Assets		<u>43,100</u>	<u>53,361</u>
Total Assets		16,201,094	12,222,807
<b>Current Liabilities</b>			
Trade and other payables	7	-	17,630
Provision for income tax		124,729	119,807
APS Noteholders	7	<u>12,932,505</u>	<u>10,498,006</u>
Total Current Liabilities		13,057,234	10,667,461
<b>Non Current Liabilities</b>			
APS Noteholders	7	1,791,847	634,554
Deferred tax liability	4	<u>7,708</u>	<u>6,424</u>
Total Non Current Liabilities		<u>1,799,555</u>	<u>640,978</u>
Total Liabilities		<u>14,856,789</u>	<u>11,308,439</u>
Net Assets		<u>1,344,305</u>	<u>946,386</u>
<b>Equity</b>			
Contributed Equity		360,000	360,000
Retained Earnings		586,386	586,386
Current Year Earnings		397,919	-
Total Equity		<u>1,344,305</u>	<u>946,386</u>

Notes to the financial statements are included on pages 8 to 15

**APS SAVINGS LTD**  
**ABN 21 150 630 694**

**STATEMENT OF CHANGES IN EQUITY**

<b>For the Financial Year ended 30 June 2015</b>	<b>\$</b>
Balance at 1 July 2014	946,386
Profit/(Loss) for the period	<u>397,919</u>
Balance at 30 June 2015	1,344,305

**For the Financial Year ended 30 June 2014**

Balance at 1 July 2013	487,427
Profit/(Loss) for the period	<u>458,959</u>
Balance at 30 June 2014	946,386

**STATEMENT OF CASH FLOWS**

	Note	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
<b>Operating activities</b>			
Payments to suppliers		(107,581)	(66,040)
Interest paid		(525,753)	(681,473)
Income taxes paid		(156,924)	(108,143)
Interest received		<u>1,395,028</u>	<u>1,100,327</u>
Net cash from operating activities	12	604,770	244,671
<b>Investing activities</b>			
Deposits from investors		3,587,406	(440,962)
Payment for financial assets		-	-
Loan to APS Benefits		<u>(4,461,617)</u>	<u>495,512</u>
Net cash used in investing activities		(874,211)	54,550
<b>Net change in cash and cash equivalents</b>		(269,441)	299,221
<b>Cash at the beginning of the financial year</b>		<u>452,752</u>	<u>153,531</u>
<b>Cash at the end of the financial year</b>		<u>183,311</u>	<u>452,752</u>

Notes to the financial statements are included on pages 8 to 15



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**  
**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

**General Information**

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

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

**Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

**Accounting Policies**

**a. Income Tax**

Current Tax

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

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. An annual appraisal is carried out by Directors to ensure that the recoverable amount is no less than the carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

**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 assets 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**Property, Plant and Equipment (continued)**

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

**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
Buildings	2.5%
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**

The principal categories of financial instruments used are:

- Trade receivables
- Cash at Bank
- Investments in unlisted managed funds
- Trade and other payables

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

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Financial Assets at Fair Value through Profit and Loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

**Loans and Receivables**

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

**Held-to-Maturity Investments**

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method less impairment.

**Available-for-Sale Financial Assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial Liabilities**

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

**Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in the national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**d. Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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. Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**g. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**h. Revenue**

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**i. Goods and Services Tax (GST)**

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

**j. 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.

**k. Comparative Figures**

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1. 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.

**m. Changes in Accounting Policies**

Adoption of new and revised Accounting Standards:

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

	at 30 June 2015 \$	at 30 June 2014 \$
<b>NOTE 2 REVENUE</b>		
Interest on loan to APS Benefits	1,187,109	1,390,736
Other interest	4,292	594
	<u>1,191,401</u>	<u>1,391,330</u>

**NOTE 3 OPERATING SURPLUS**

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

Depreciation and amortisation	2,855	3,172
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**NOTE 4 INCOME TAXES**

**Income tax expense**

Profit before tax	568,456	618,367
Income tax calculated at 30% (2014-30%)	170,537	185,510
Under/(over) provision in previous year	-	(26,102)
<b>Actual tax expense</b>	<u>170,537</u>	<u>159,408</u>
Tax expense comprises:		
Current tax expense	161,847	130,466
Deferred tax expense	8,690	28,942
<b>Tax expense</b>	<u>170,537</u>	<u>159,408</u>

**Deferred tax asset**

Balance at beginning of year	14,812	37,330
(Decrease)/increase for the year	<u>(7,406)</u>	<u>(22,518)</u>
	7,406	14,812

**Deferred tax liability**

Balance at beginning of year	6,424	-
(Decrease)/increase for the year	<u>1,284</u>	<u>6,424</u>
	7,708	6,424

**NOTE 5 CASH AND CASH  
EQUIVALENTS**

Cash at Bank	183,311	452,752
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**NOTE 6 TRADE AND OTHER  
RECEIVABLES**

**CURRENT**

Loan to APS Benefits	15,974,683	11,716,694
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Debenture Notes Issued are loaned to the related party Australian Public Service Benevolent Society Ltd at interest.

**APS SAVINGS LTD**  
**ABN 21 150 630 694**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	at 30 June 2015 \$	at 30 June 2014 \$
<b>NOTE 7 TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Debenture Notes issued	12,932,505	10,498,006
Other accruals	-	17,630
	<u>12,932,505</u>	<u>10,515,636</u>
<b>NON-CURRENT</b>		
Debenture Notes issued	1,791,847	634,554

The average credit period on purchases of goods and services is 30 days. No interest is charged on trade payables for the first 60 days from the date of invoice. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

<b>NOTE 8 PROPERTY, PLANT AND EQUIPMENT</b>	<b>Plant and Equipment \$</b>
---	-----------------------------------

<b>Gross carrying amount</b>	
Balance at 30 June 2013	<u>35,673</u>
Additions	<u>-</u>
Balance at 30 June 2014	<u>35,673</u>
Additions	<u>-</u>
Balance at 30 June 2015	<u>35,673</u>
<b>Accumulated Depreciation</b>	
Balance at 30 June 2013	<u>3,952</u>
Depreciation expense	<u>3,172</u>
Balance at 30 June 2014	<u>7,124</u>
Depreciation expense	<u>2,855</u>
Balance at 30 June 2015	<u>9,979</u>
<b>Net Book Value</b>	
As at 30 June 2014	28,549
As at 30 June 2015	<u>25,694</u>

**NOTE 9 SEGMENT REPORTING**

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

**NOTE 10 CONTINGENT LIABILITIES**

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

**NOTE 11 CAPITAL COMMITMENTS**

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

**APS SAVINGS LTD**  
**ABN 21 150 630 694**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 12 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	at 30 June 2015 \$	at 30 June 2014 \$
<b>Cash flows from operating activities</b>		
Profit for period	397,919	426,941
Non cash flows in profit		
- Depreciation	2,855	3,172
Changes in assets and liabilities		
- (Increase)/Decrease in trade and other receivables	211,034	(268,485)
- (Increase)/Decrease in trade and other payables	<u>(7,038)</u>	<u>83,043</u>
	604,770	244,671

**NOTE 13 RELATED PARTY TRANSACTIONS**

Related party transactions consist of a \$15,974,683 loan to Australian Public Service Benevolent Society Ltd, interest earned of \$1,187,109 on the loan to Australian Public Service Benevolent Society Ltd and a \$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.

**NOTE 14 KEY MANAGEMENT PERSONNEL**

There were no employees paid directly by APS Savings Ltd – refer to Related Party Transactions note.

**NOTE 15 SHARE CAPITAL**

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

	30/6/2015	30/6/2014
Shares beginning of year	360,000	360,000
Total shares issued	360,000	360,000

**NOTE 16 FINANCE COSTS AND FINANCE INCOME**

Finance costs for the reporting period consist of the following:

	2015	2014
Interest expense on Debenture Notes	530,139	673,166
Interest income from cash and cash equivalents	955	594
Interest income from loan to related party	1,187,109	1,390,736
Total interest income	<u>1,188,064</u>	<u>2,064,496</u>

**NOTE 17 AUDITORS REMUNERATION**

	2015	2014
Audit and review of financial statements	11,000	11,000

**NOTE 18 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)

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ABN 21 150 630 694

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 30 June 2015 and 30 June 2014 on a recurring basis are as follows:

	at 30 June 2015 \$	at 30 June 2014 \$
<b>Financial Assets – Level 1</b>		
Cash and cash equivalents	183,311	452,752
Security deposit	10,000	10,000
Loan receivable from APS Benefits	15,974,683	11,716,694
<b>Financial Liabilities – Level 1</b>		
Debenture Notes	14,724,352	11,132,560

**NOTE 19 FINANCIAL INSTRUMENT RISK**

**Risk Management objectives and policies**

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

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

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

**Market risk analysis - Interest rate sensitivity**

The Company is exposed to changes in the market interest rates through bank deposits at variable interest rates. Other deposits are at fixed interest rates. The Company pays a fixed interest rate on all Debentures Notes received. The Company then lends the money received from Debenture Notes to the Australian Public Service Benevolent Society. 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% (2014: \$117,166). 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.

**Financial assets**

	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Cash and cash equivalents	1,833	(1,833)	1,833	(1,833)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	159,747	(159,747)	159,747	(159,747)

**Financial liabilities**

	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
Debenture Notes	(147,244)	147,244	(147,244)	147,244

**APS SAVINGS LTD**  
**ABN 21 150 630 694**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**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:	2015	2014
Cash and cash equivalents	183,311	452,752
Security deposits	10,000	10,000
Loans	15,974,683	11,716,694
	<u>16,157,994</u>	<u>12,179,446</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, 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.

**NOTE 20 CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company's capital management objectives are:

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

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

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

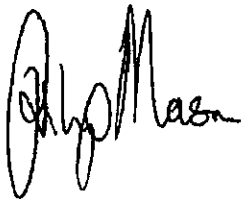


**DIRECTORS' DECLARATION**

The Directors declare that:

1. The financial statements and notes, as set out on pages 6 to 15, 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 30 June 2015 and of its performance for the 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 295(5) of the Corporations Act 2001.



Chairman - P Mason



Director - J Corin

Dated this 14<sup>th</sup> day of September 2015.

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## **Independent Auditor's Report To the Members of APS Savings Ltd**

We have audited the accompanying financial report of APS Savings Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

### **Directors' responsibility 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 - Reduced Disclosure Requirements and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Auditor's opinion**

In our opinion the financial report of APS Savings Ltd is in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards- and the Corporations Regulations 2001



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S.C. Trivett  
Partner - Audit & Assurance

Melbourne, 14 September 2015