2018
Annual Report

APS Savings Limited

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DIRECTORS' REPORT

The Directors of APS Savings Ltd present their report for the year ended 30 June 2018. 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 Director, B.Bus Public Admin, MAICD Appointed as Chair in November 2017 and as a non executive Director in October 2011	Company Director ex-Bureau of Meteorology, Manager, 46 years' experience Audit Finance & Governance and Remuneration Committees Director of parent – APS Benefits Group Ltd and its subsidiaries - APS Financial Planning Pty Ltd, APS Wills and Estates Pty Ltd and APS Tax, Accounting and Business Services Pty Ltd. Director of related entities – APS Benevolent Foundation Ltd and APS Benevolent Fund 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 October 2014	Director, Finance, Productivity Commission 28 years' experience Chair, Audit Finance and Governance Committee 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 24 years' experience Remuneration 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	Company Director ex-Australia Post, Manager, 39 years' experience Remuneration Committee Director of parent – APS Benefits Group Ltd
KATE FAZIO, Age 32 Director, BA(Media and Comms), B Laws (Hons), GDip Legal Practice, GCert Social Impact, Master of Social Impact and Philanthropy Appointed as a non executive Director in October 2016	Manager – Digital Innovation Strategies, Justice Connect 10 years' experience Audit Finance and Governance committee Director of parent – APS Benefits Group Ltd
PHILIP MASON, Age 59 Director, MAICD, FCPA Appointed as a non executive Director in April 2011	City of Yarra, Manager 40 years' experience Audit Finance & Governance Committee Director of parent – APS Benefits Group Ltd
JOHN CORIN, Age 68 Director, MAICD Appointed as a non executive Director in April 2011	Company Director ex-ACCC, Director Corporate Services, 44 years' experience Chair, Remuneration Committee Director of parent – APS Benefits Group 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 APS Benefits Group Ltd (the parent of APS Savings Ltd)

APS Savings Ltd 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 year after providing for income tax amounted to $1,150,819 (2017: $1,113,694).

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.

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 ended 30 June 2018.

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, a premium was paid 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
G MILNER	6	6	3	3
K KIENI	6	6	3	3
S MORRIS	6	6	-	-
K FAZIO	6	5	3	3
J CORIN	6	6	1	1
M BARCLAY	6	5	-	-
P MASON	6	6	3	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 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. The value of non audit services is nil.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Chair – G Milner

Director – K Kieni

Dated this 17th day of September 2018.

Grant Thornton

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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 2018, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Simon Trivett

S C Trivett
Partner – Audit & Assurance

Melbourne, 17 September 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income	**Note**	**Year ended 30 June 2018 $**	**Year ended 30 June 2017 $**
Interest received - APSBS	2	3,450,985	2,980,545
Sundry income	2	168	213
Total income		3,451,153	2,980,758
Expenses			
General administration		(146,679)	(138,722)
Depreciation and amortisation		(3,134)	(2,312)
Interest - APS Noteholders		(1,714,003)	(1,248,733)
Total expenses		(1,863,816)	(1,389,767)
Profit/(loss) before tax		1,587,337	1,590,991
Income tax expense	4	(436,518)	(477,297)
Net profit/(loss) after tax		1,150,819	1,113,694
Total comprehensive income		1,150,819	1,113,694

STATEMENT OF FINANCIAL POSITION

	Note	**at 30 June 2018 $**	**at 30 June 2017 $**
Current Assets			
Cash and cash equivalents	5	487,564	797,635
Trade and other receivables	6	49,900,079	38,829,140
Total Current Assets		50,387,643	39,626,775
Non-Current Assets			
Other financial assets		10,000	10,000
Plant and equipment	8	29,690	20,812
Total Non-Current Assets		39,690	32,812
Total Assets		50,427,333	39,657,587
Current Liabilities			
Trade and other payables	7	100	-
APS Noteholders	7	38,656,882	28,451,870
Total Current Liabilities		38,656,982	28,451,870
Non-Current Liabilities			
APS Noteholders	7	6,934,156	7,522,263
Deferred tax liability	4	8,165	6,243
Total Non-Current Liabilities		6,942,321	7,528,506
Total Liabilities		45,599,303	35,980,376
Net Assets		4,828,030	3,677,211
Equity			
Contributed Equity		1,000,000	1,000,000
Retained Earnings		2,677,211	1,563,517
Current Year Earnings		1,150,819	1,113,694
Total Equity		4,828,030	3,677,211

These statements should be read in conjunction with the notes to the financial statements on pages 8 to 16

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Retained Earnings $	Share Capital $	Total $
Balance at 1 July 2016	1,563,517	1,000,000	2,563,517
Surplus/(Deficit) for the period	1,113,694	-	1,113,694
Balance at 30 June 2017	2,677,211	1,000,000	3,677,211
Balance at 1 July 2017	2,677,211	1,000,000	3,677,211
Surplus/(Deficit) for the period	1,150,819	-	1,150,819
Balance at 30 June 2018	3,828,030	1,000,000	4,828,030

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 $	Year ended 30 June 2017 $
Operating activities			
Payments to suppliers		(146,579)	(138,722)
Interest paid		(1,695,548)	(1,234,513)
Interest received		2,980,713	1,675,363
Net cash from operating activities	12	1,138,586	302,128
Investing activities			
Deposits from investors		9,598,450	11,378,974
Payments for plant and equipment		(12,012)	-
Loan to APS Benefits Group		(11,035,095)	(11,355,917)
Net cash from/(used in) investing activities		(1,448,657)	23,057
Net change in cash and cash equivalents		(310,071)	325,185
Cash at the beginning of the financial year		797,635	472,450
Cash at the end of the financial year		487,564	797,635

These statements should be read in conjunction with the notes to the financial statements on pages 8 to 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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. **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.

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

The principal categories of financial instruments used are:

- Trade receivables
- Cash at Bank
- Debenture Notes Issued
- Trade and other payables

None of the company'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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Financial Instruments (continued)

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.

For certain categories of financial assets, 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 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.

h. **Revenue**

Interest revenue is recognised on a proportional basis taking into account the effective 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

l. **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. The adoption of these amendments has not had a material impact on the Company.

Accounting standards issued but not yet effective and not been adopted early by the Company.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2018 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 ***Financial Instruments***

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Company's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

	30 June 2018 **$**	**30 June 2017** **$**
NOTE 2 REVENUE		
Interest on loan to APS Benefits	3,450,985	2,980,545
Other interest	168	213
	3,451,153	2,980,758
NOTE 3 OPERATING SURPLUS		
Operating surplus has been arrived at after charging the following items:		
Depreciation and amortisation	3,134	2,312
NOTE 4 INCOME TAXES		
Income tax expense		
Profit before tax	1,587,337	1,590,991
Income tax calculated at 27.5% (2017-30%)	436,518	477,297
Actual tax expense	436,518	477,297
Tax expense comprises:		
Current tax expense	434,596	477,991
Deferred tax expense	1,922	(694)
Tax expense	436,518	477,297
Deferred tax asset		
Balance at beginning of year	-	-
(Decrease)/increase for the year	-	-
	-	-
Deferred tax liability		
Balance at beginning of year	6,243	6,937
(Decrease)/increase for the year	1,922	(694)
	8,165	6,243

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 5 CASH AND CASH EQUIVALENTS	**30 June 2018 $**	**30 June 2017 $**
Cash at Bank	487,564	797,635

NOTE 6 TRADE AND OTHER RECEIVABLES

CURRENT		
Loan to APS Benefits	49,900,071	38,829,127

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

NOTE 7 TRADE AND OTHER PAYABLES

CURRENT		
Trade Creditors	100	-
Debenture Notes issued	38,656,882	28,451,870
	38,656,982	28,451,870
NON-CURRENT		
Debenture Notes issued	6,934,156	7,522,263

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

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

NOTE 8 PROPERTY, PLANT AND EQUIPMENT	**Plant and Equipment $**
Gross carrying amount	
Balance at 30 June 2016	35,673
Additions	-
Balance at 30 June 2017	35,673
Additions	12,012
Balance at 30 June 2018	47,685
Accumulated Depreciation	
Balance at 30 June 2016	12,549
Depreciation expense	2,312
Balance at 30 June 2017	14,861
Depreciation expense	3,134
Balance at 30 June 2018	17,995
Net Book Value	
As at 30 June 2017	20,812
As at 30 June 2018	29,690

NOTE 9 SEGMENT REPORTING

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

NOTE 10 CONTINGENT LIABILITIES

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

NOTE 11 COMMITMENTS

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

NOTE 12 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2018 $	30 June 2017 $
Cash flows from operating activities		
Profit for period	1,150,819	1,113,694
Non cash flows in profit		
- Depreciation	3,134	2,312
Changes in assets and liabilities		
- (Increase)/Decrease in trade and other receivables	(470,440)	(1,305,395)
- Increase/(Decrease) in trade and other payables	455,073	491,517
	1,138,586	302,128

NOTE 13 RELATED PARTY TRANSACTIONS

Related party transactions consist of a $49,900,071 (2017: $38,829,127) loan to APS Benefits Group Ltd, interest earned of $3,450,985 (2017: 2,980,545) on the loan to APS Benefits Group Ltd and a $14,400 (2017: 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, however there were directors that have Notes with APS Savings Ltd – refer to Related Party Transactions note.

Notes Held by Key Management Personnel

	2018 $	2017 $
Balance 1st July	55,033	52,926
Additional Deposits	35,000	-
Interest Received	3,494	2,107
Redemptions	-	-
Balance 30th June	93,527	55,033

NOTE 15 SHARE CAPITAL

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

Shares beginning of year	1,000,000	1,000,000
Shares issued during the year	-	-
Total shares issued	1,000,000	1,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 16 FINANCE COSTS AND FINANCE INCOME

Finance costs for the reporting period consist of the following:

Interest expense on Debenture Notes	1,714,003	1,248,733

Interest income from cash and cash equivalents	168	213
Interest income from loan to related party	3,450,985	2,980,545
Total interest income	**3,451,153**	**2,980,758**

NOTE 17 AUDITORS REMUNERATION

Audit and review of financial statements	14,300	11,608

NOTE 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair Value of Financial Assets and Liabilities:

A review of the fair value calculation indicated that there were no significant variances between the book and fair values for the Company. As a result the fair value details have not been included. Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability.
The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Company and there is no active market to assess the value of the financial assets and liabilities. Assets where the fair value is lower than the book value have not been written down in the accounts of the Company on the basis that they are to be held to maturity, or in the case of loans, all amounts due are expected to be recovered in full.

The fair value estimates were determined by the following methodologies and assumptions:
The carrying values of cash and cash equivalents redeemable within 3 months approximate their fair value as they are short term in nature or are receivable on demand.
As the loan receivable from APS Benefits is a variable rate loan, the amount shown in the Statement of Financial Position is considered to be a reasonable estimate of fair value.
The fair value of fixed rate debentures repricing within twelve months is the amount shown in the Statement of Financial Position as at June 30. Discounted cash flows (based upon the deposit type and its related maturity) were used to calculate the fair value of other debentures however no material difference between fair value and carrying value was determined.

The Company's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017 on a recurring basis are as follows:

	30 June 2018 $	30 June 2017 $
Financial Assets – Level 1		
Cash and cash equivalents	487,564	797,635
Security deposit	10,000	10,000
Loan receivable from APS Benefits	49,900,071	38,829,127
Financial Liabilities – Level 1		
Debenture Notes	45,591,138	35,974,133

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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% (2017: 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.

2018

Financial assets	**Profit for the year**		**Equity**	
	+1%	**-1%**	**+1%**	**-1%**
Cash and cash equivalents	4,876	(4,876)	4,876	(4,876)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	499,001	(499,001)	499,001	(499,001)

Financial liabilities	**Profit for the year**		**Equity**	
	+1%	**-1%**	**+1%**	**-1%**
Debenture Notes	(442,276)	442,276	(442,276)	442,276

2017

Financial assets	**Profit for the year**		**Equity**	
	+1%	**-1%**	**+1%**	**-1%**
Cash and cash equivalents	7,976	(7,976)	7,976	(7,976)
Security deposit	100	(100)	100	(100)
Loan receivable from APS Benefits	388,291	(388,291)	388,291	(388,291)

Financial liabilities	**Profit for the year**		**Equity**	
	+1%	**-1%**	**+1%**	**-1%**
Debenture Notes	(345,545)	345,545	(345,545)	345,545

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:	**2018**	**2017**
Cash and cash equivalents	487,564	797,635
Security deposits	10,000	10,000
Loans	49,900,071	38,829,127
	50,397,635	39,636,762

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018, 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 June 2018				
Debenture Notes	15,530,079	21,788,325	6,934,156	-
Total				
30 June 2017				
Debenture Notes	13,735,266	13,311,440	7,522,263	-
Total				

NOTE 20 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

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

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

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

DIRECTORS' DECLARATION

In the opinion of the Directors of APS Savings Ltd:

(a) The financial statements and notes of APS Savings Ltd are in accordance with the *Corporations Act 2001,* including:

i. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that APS Savings Ltd will be able to pay its debts as and when they become due and payable.

The financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Chair – G Milner

Director – K Kieni

Dated this 17th day of September 2018.

Grant Thornton

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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 30 June 2018, 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 the Directors' declaration.

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

a giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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Grant Thorn ton Audit Pty Ltd
Chartered Accountants

S C Trivett
Partner – Audit & Assurance

Melbourne, 17 September 2018