

**National Seniors Australia
Limited and its controlled
entity**

ABN 89 050 523 003

Consolidated Financial Report
For the year ended 30 June 2018

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**NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003**

DIRECTORS' REPORT

The Directors present their report together with the financial report of the group, being the company and its controlled entity, for the year ended 30 June 2018 and auditor's report thereon.

Directors names

The names of the Directors in office at any time during or since the end of the year are:

Christopher Guille - Chairperson

Ross Glossop - Deputy Chairperson

Marcia Griffin

Noela L'Estrange

Darryl Wilson

Valerie Pratt AO

Josephine Stevens

Peter Miller (resigned 29 November 2017)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the group for the year after providing for income tax amounted to \$261,410 (2017: loss of \$217,102).

Objectives, strategies and principal activities

FY17/18 highlights

- Multiple advocacy wins make tangible difference to the daily lives of older Australians
- National Seniors joins concerted campaign to address and prevent financial elder abuse
- 12 research reports published and disseminated
- Fresh membership focus with new GM Membership and Strategic Partnerships role created
- Cash increase to \$6.29 million
- Revenue of \$7.85 million all devoted to member services, research and advocacy.

Introduction

In a year of great challenges and opportunities, capitalising on National Seniors Australia's position as the leading independent advocate for older Australians has remained central to the Board's planning for our organisation's future.

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DIRECTORS' REPORT

Objectives, strategies and principal activities (Continued)

At the same time, increasing the relevance of National Seniors to the everyday lives of you, our members, and older Australians generally, is a big challenge.

We are not alone in this. Nationally and internationally, membership organisations of all types are facing declining numbers. These organisations are big and small and include sporting and service groups from the iconic Country Women's Association to Rotary and Lions.

National Seniors has not been caught unawares by these changes, and many of our initiatives of the past year have focussed on providing more valued services and benefits to our existing members and broadening our relevance to attract new members.

A tradition of advocacy and research

National Seniors has been around for 42 years, fighting for a fair go for *all* older Australians.

Our members are at the heart of everything we do.

Without you, we wouldn't have the voice we've had for the past four decades. Your participation in our research underpins our advocacy, which has changed the lives of so many for the better.

For example, you told us how important it was to be able to earn more without it affecting your Age Pension. We listened and sent that message to the Federal Government in our Budget submission.

It led to a big win in the May Budget. From July 2019, the first time since it was introduced, the Work Bonus will be lifted from \$6,500 to \$7,800 – from \$250 to \$300 per fortnight – and it will now also apply to the earnings of the self-employed. It means a pensioner who works part-time will be on \$36,000 a year before their pension is affected.

It's just one of several wins that came from us listening to you and putting the case to government. Another example was the Pension Loans Scheme, which was expanded to cover everyone of pension age. The maximum fortnightly income stream will be increased to 150 per cent of the Age Pension rate. They, too, will be on \$36,000 (from July 2019).

We've listened to members who want to put more into their superannuation. Also, from 1 July next year, Australians aged 65 to 74 with a total superannuation balance below \$300,000 can make voluntary contributions for 12 months from the end of the financial year in which they last met the work test.

Aged care concerns - residential or at home - kept coming up last year for a range of reasons. Key among them was the massive waiting list for higher level 3 and 4 packages. National Seniors ensured you were heard in discussions with Aged Care Minister Ken Wyatt ahead of the Budget.

The outcomes: an extra 6000 high-level home care places were announced late last year, and another 14,000 in the May Budget, along with 13,500 additional residential care places and 775 new restorative places.

But given the waiting list for home care was 104,000 last December, and this figure has been increasing up to 20,000 a quarter, National Seniors is continuing its push for the funds to give older Australians the care they need and deserve.

DIRECTORS' REPORT

Objectives, strategies and principal activities (Continued)

A major outcome to which we contributed through submissions on behalf of our members was the government's decision to establish the new Independent Aged Care Quality and Safety Commission to address endemic failures in the aged care system, and the introduction of unannounced accreditation inspections of aged care homes.

As I prepared this report, the Federal Government's Royal Commission into Aged Care was announced by the Prime Minister Scott Morrison, who said it came in response to "the disturbing trend of non-compliance, neglect and abuse in the aged care sector".

Statistics showed the number of serious risk notices given to aged care providers had jumped 170 per cent in the past year and significant non-compliance had leapt 292 per cent. These big jumps were largely attributed to the introduction of unannounced accreditation inspections, which we'd called for.

Our members can be assured their voices will be heard at the Royal Commission into Aged Care.

National Seniors' Interim CEO Professor John McCallum was in meetings with the Prime Minister, and Minister Wyatt, to help formulate the Terms of Reference for the Commission.

And while the key focus of the Commission will be to hear the views of aged care residents and their families, we hope to be able to make a submission on behalf of our members.

Centrelink approval times need government action

The issue we receive more calls and letters about than any other is Centrelink and their handling of Age Pension applications. Through our advocacy and research efforts, your views on these issues have been heard at the highest level.

National Seniors was one of loudest voices demanding action over the excessively long call wait times and the number of abandoned calls to Centrelink. Last year, almost half a million calls to the Centrelink Seniors Helpline alone went unanswered. That's not our idea of help, quite the opposite.

So, it was a positive move when the government announced it was contracting an extra 1000 call centre staff to help address the issue.

Our research, based on your input, also highlighted other critical problems causing applicants to wait months for their pensions to be processed. *The Centrelink Experience: From 'waiting, frustrating, hopeless' to 'helpful, friendly, positive'* was released in June.

We're continuing our pressure on the government to fix this disgraceful situation, which is unacceptable given the Age Pension is what many older Australians rely on when they retire.

It's about dignity and respect

It highlights the point that National Seniors is not just fighting for more money for older Australians, but also fighting for their human rights, to ensure they are treated with the dignity and respect they deserve.

This is evident in many of the advocacy and research issues we've tackled, including aged care – whether delivered in private homes or residential facilities. Another good example is the ACCC enquiry into retail energy pricing.

Its report, released in July, revealed widespread abuse of market power by energy companies. We knew this had badly affected vulnerable older Australians, particularly those on low fixed incomes. Our advocacy survey told us spiralling power bills was a hot button issue at the top of your concerns.

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Objectives, strategies and principal activities (Continued)

Your views went into our submissions to the ACCC enquiry and the Federal Government has already committed to introduce a regulated default price for electricity customers who don't sign up for discount offers.

This will be a huge win for older Australians and the whole community, saving them hundreds of dollars a year through cuts to their power bills.

Many older Australians are particularly vulnerable because they cannot shop around online. When they call electricity retailers by phone, they've been confused and conned by convoluted contracts. Some of these contracts have been so dodgy they've resulted in big retailers being fined hundreds of thousands of dollars for breaches of consumer law.

One of former Prime Minister Malcolm Turnbull's final commitments before he was replaced was to abandon the government's plan to axe the energy supplement for age pensioners who began receiving pensions after September 2016. The supplement pays \$365 a year to single pensioners and \$550 a year to pensioner couples.

More action to come on franking credits

One of the biggest advocacy wins we've contributed to recently was Labor's change of mind on pensioners' franking credits. Without the "Pensioner Guarantee", it would have cost more than 300,000 age pensioners a total of \$3.3 billion over the next 10 years, if Labor wins power at the next election.

Labor's decision to exempt age and other pensioners means they will be more than \$1000 a year better off.

But we haven't forgotten about self-funded retirees, some of whom will end up worse off than pensioners under this policy. We joined with several other groups to form the Alliance for a Fairer Retirement System to boost our efforts on behalf of self-funded retirees. Among other activities, we will be making a submission to a government economic committee inquiry on the issue.

Financial elder abuse campaign

Sadly, something we hear too often about is elder abuse and the many forms it takes. Our Interim CEO Professor John McCallum has been working with the Australian Banking Association on a concerted campaign to address and prevent financial elder abuse.

The campaign includes the Council on the Ageing, the Older Persons Action Network and the Financial Services Union. It's urging state and territory Attorney-Generals to introduce three key changes to help better recognise, report and stamp out financial abuse.

We want standardised power of attorney orders around Australia, the establishment of an online register of powers of attorney, and a hotline for people and bank staff to report suspected elder financial abuse.

About five per cent of older Australians are subjected to financial abuse and banking staff often see first-hand elderly people being taken advantage of by trusted family, friends and carers. As a society, we can and need to do more to support older people who are being exploited in this way.

National Seniors welcomed the Federal Government's announcement in February of a national plan for elder abuse, and the Budget commitment of \$22 million over five years to standardise powers of attorney.

As part of our efforts on this issue, Chief Advocate Ian Henschke took up an invitation to join the 6th National Elder Abuse Conference Advisory Committee (the event will be held in Brisbane next July).

DIRECTORS' REPORT

Objectives, strategies and principal activities (Continued)

About face on retirement age

Positive government decisions on key advocacy issues came thick and fast as I prepared this report. Another major announcement was the new Prime Minister Scott Morrison's decision to abandon its policy to lift the retirement age to 70.

With every second voter in Australia now aged over 50, it appears the political reality of the policy appears to have prevailed. We know being told they might have to work past 67 was not well received, especially given the widespread age discrimination in the workplace.

When even workers as young as 50 can find it hard to secure work if they lose their job through redundancy or for some other reason, it seemed particularly harsh to tell older workers they wouldn't be eligible for an age pension until they were 70.

Research informs policy and advocacy

National Seniors Research is based in Canberra and headed by Professor John McCallum, widely recognised in Australia and overseas for his contribution to research on ageing and aged care.

Since Prof. McCallum joined National Seniors in early 2017, the research team has completed 22 separate reports – 12 of them in the FY17/18.

These have focused on issues important to the quality of life for older Australians. How seniors cope in an increasingly digitised world, and what they need – and deserve – to ensure they have access to vital information and services (such as telephone and face-to-face assistance) has featured.

Many older Australians are deterred from using the internet, despite awareness of the convenience it offers in maintaining connections and managing daily life. Lack of knowledge, skills, confidence and security concerns are the main barriers.

To help older Australians get online confidently and securely, we are working with The Good Things Foundation, which specialises in digital connection and education. The Office of the eSafety Commissioner and Good Things Foundation have developed the online learning program, *Be Connected*, which is funded by the Australian Government.

This free learning program contains easy-to-follow modules on a range of topics aimed at helping older Australians enjoy all the benefits of being online, such as Skyping their grandchildren, reading the news online, reaching out to old friends on Facebook, or writing their memoirs.

We're offering self-paced learning at home and training sessions at some branches, along with the opportunity of becoming a volunteer digital mentor to others keen to learn.

Our research also plays a pivotal role in bridging the gap between traditional academic researchers in ageing, the community and government decision-makers. We also provide research and consultancy services to government, business, universities and the not-for-profit sector to better understand many aspects of life affecting the older demographic.

A good example of both these roles was a critical report delivered during the year for the Federal Government's Aged Care Workforce Strategy Taskforce.

Titled *Accentuating the positive: consumer experiences of aged care at home*, it was the first research to ask older Australians for their opinions of home care services. Taskforce Chair Professor John Pollaers said the

DIRECTORS' REPORT

Objectives, strategies and principal activities (Continued)

report findings would help build a comprehensive and sustainable Workforce Strategy for aged care, and in doing so, improve the quality of life of aged care consumers.

This report was one of several completed on aged care. In late 2017, our research provided an early stage analysis of consumer directed care after its introduction by the Federal Government.

While a survey of 4,267 members revealed some problems with the new system, including lack of choice, high administration fees and insufficient care packages, almost 98 per cent of older people supported it.

Our research efforts continue apace, with a major report on internet scams, which increasingly target older Australians and cost them millions of dollars a year, to be released soon.

Positive developments for members

It's always worth reminding ourselves that National Seniors is a membership organisation and members are at the heart of everything we do.

That's why I'm pleased membership has a renewed focus under Sandra Philpott, who was appointed to the new role of General Manager for Membership and Strategic Partnerships in April.

Membership stands at 130,000 and this new role reinforces our ongoing efforts to address the trend of declining numbers, which I canvassed earlier.

In the past, membership organisations have been treasured by older generations as a way of staying in touch, socialising, feeling they belong – and giving something back – to their community, and enjoying stimulating activities. But younger generations are continuing in the paid workforce longer or working part-time. The Baby Boomers, for example, are tending to retire later and with more funds, which enables more choice around travel, volunteering, taking on grandparenting duties and other activities.

When they do join organisations, they are not as inclined to attend branch meetings but prefer online contact. They make their selections via the web and word of mouth recommendations.

A review of our data told us that our current membership offers are more appealing to the over 60s age group and most members are aged between 60-75.

So, we need to make membership for those people more relevant and meaningful and we also need to attract younger members.

To better understand what current and potential members want and value, we will be conducting a member satisfaction survey in October.

We're building a new engagement process that will explore a new online orientation program and more personal contact from us to ensure you can derive real benefit from being part of National Seniors.

We've refreshed our welcome to new members through personal contact and more engaging materials, and our renewal process will change with a focus on loyalty offers for members who have been with us the longest.

Our member benefits program will be reviewed towards the end of the year to ensure we're offering you the products and services you value and that will encourage people to join or renew their membership.

Importantly, as I write, indications are that we have stemmed the number of lapsing members. We've done this by hiring additional resources to make personal contact with members who, sometimes through oversight, have failed to renew their membership.

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Objectives, strategies and principal activities (Continued)

This direct contact is resulting in more than 600 members a month being re-signed.

Branches a salve to loneliness

I want to personally thank the many hard-working branch members and office holders. You know who you are, and I thank you for your efforts and loyalty.

Some of you have been in roles for decades and deserve long service leave! You provide the local, welcoming face to a place where older Australians can find the friendship and social connection that is so important to a healthy retirement.

UK research suggests loneliness is equivalent to smoking 15 cigarettes a day and every dollar spent on preventing it saves \$3 in the health system.

So, your work in the branches is promoting healthy ageing. We are working with our 110-branch network to update the branch handbook, as part of a new toolkit to help make the branches more self-sufficient. These toolkits will be distributed soon.

Financial outcomes

National Seniors' financial results for the year reflected the challenging environment in which most membership organisations are operating.

The group returned a small loss for the year of \$261,410 (2017: loss of \$217,102) after providing for income tax.

However, the balance sheet remains strong, with revenue for the financial year totalling \$7.85 million – all devoted to member services, research and advocacy - and cash reserves growing to \$6.29 million.

Our key sources of revenue continued to be membership fees (\$2.73 million) and insurance commissions (\$3.15 million).

People

It takes special people to deliver the services and benefits National Seniors offers its members.

Our values of independence, ethical and inclusive dealings, excellence, and resilience in all interactions with our members, customers, staff, suppliers and others, were manifest among all staff during a year of great change.

After balance date events

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

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DIRECTORS' REPORT

Information on Directors

Christopher Guille

Chris has Honours and Masters Degrees in Economics from Sydney University and over 35 years' experience in the banking, finance and trustee industries. He is Chairman of Flinders Trustees Pty Limited, O'Connor Partners Commercial Lawyers and Guumbarr Limited. Chris is a member of the National Seniors Australia Audit, Risk and Finance Committee and also a Director of National Seniors Foundation Ltd and Over Fifty Insurance Pty Ltd. Chris was elected to position of Chairperson on 29 November 2016.

Ross Glossop

Ross is a Director of National Seniors Australia Ltd and is also a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd. Ross is a member of the National Seniors Australia Audit, Risk and Finance Committee. Ross has an MBA, a Master of Accounting, a Bachelor of Commerce and is a member of CPA Australia. Ross has held senior CFO positions in public companies in the mining industry. Ross has had extensive experience in corporate governance, superannuation, and mergers and acquisitions. Ross was elected to position of Deputy Chairperson on 29 November 2016.

Marcia Griffin

Marcia holds a BA, a Dip Ed, and a B.Commerce. In May 1995 Marcia won the first Telstra Victorian Business Woman of the Year Award. In July 1998 Marcia published a book about her life and business - High Heeled Success. Marcia has been on the board of a number of organisations including National Pharmacies, Tourism Victoria, the World Master Games, and the Australian Direct Selling Association. Her current boards include Tailorsmark.com and Care Connect. Marcia is a Chair with the CEO Institute and works with a select group of entrepreneurs as a mentor, assisting with strategy and marketing. In 2008, Marcia launched a new business wholesaling a range of natural skincare based on Australian plant extracts. Marcia is a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd.

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DIRECTORS' REPORT

Information on Directors (Continued)

Noela L'Estrange

Noela holds a BA (Hons), LLB and M.Admin and is a Fellow of the Australian Institute of Management. Until June 2015, she was the CEO of the Queensland Law Society Inc, and has extensive experience as a senior executive in both the public and private sectors. Noela has served as Director and also as Chair and Member of Audit and Risk Committees in a range of organisations, including insurance, education, public utilities and a variety of not-for-profit organisations. She is currently a Director of the TAFE Queensland. Noela is a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd.

Darryl Wilson

Darryl has been Chairman of the National Seniors Insurance Committee since 2008. He is also a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd. Darryl had a 40 year career in the General Insurance Industry, retiring as the Queensland State Manager for Allianz Australia Limited. Darryl also retains his qualification in ANZIIF (Assoc.) CIP. Darryl also saw service in Vietnam as a national serviceman.

Valerie Pratt AO

Valerie Pratt holds a Bachelor of Arts Degree and Diploma of Social Work from the University of Sydney and was awarded an Honorary Doctorate of Letters by Macquarie University. She has wide experience in public and social policy, particularly in relation to employment matters and discrimination. Valerie has held Board positions with various Commonwealth Authorities, was elected a Fellow of Senate of the University of Sydney and a Professorial Fellow of Macquarie University. Valerie is a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd. She is a member of the NSW Ministerial Advisory Committee on Ageing and was appointed an Officer of the Order of Australia in 2011.

Josephine Stevens

Josephine is a Fellow of the Institute of Chartered Accountants in Australia and in 2015 retired as a Fellow of the Taxation Institute of Australia. The last 3 years have seen Josephine return to public practice consulting after she spent 15 years in the Public Service in Canberra. Prior to the move to Canberra she ran her own accounting practice in Townsville. Josephine has a Business degree, a Masters of Public Administration (Law and Public Policy) and is a Graduate Member of the Australian Institute of Company Directors. She also has a Professional Financial Planning Certificate as well as a Certificate IV and a Diploma in Christian Ministry and Theology. Josephine is a member of the National Seniors Australia Audit, Risk and Finance Committee and is a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd.

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DIRECTORS' REPORT**Information on Directors (Continued)****Peter Miller**

Peter is a Fellow of the Australian Institute of Company Directors, and is a FCPA and ACIS. Peter is a former Finance Director of Burmah Castrol Australia Limited and formerly a Commercial Director with BP Australia and Chief Financial Officer of St Vincent De Paul Society and remains a Director of St Vincent De Paul Housing. He has also been involved in assisting the community by working with the YMCA and is a Director of Outward Bound Australia. He has over 40 years' experience in the accounting and finance area. Peter was the Chairman of the National Seniors Australia Audit Risk and Finance Committee and a Director of National Seniors Foundation Limited and Over Fifty Insurance Pty Ltd. Peter retired from the board 29th November 2017.

Meetings of Directors

Directors	Directors' meetings		Audit, Risk & Finance committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher Guille	7	7	4	4
Ross Glossop	6	7	3	4
Marcia Griffin	5	7	-	-
Noela L'Estrange	7	7	-	-
Darryl Wilson	7	7	-	-
Valerie Pratt AO	7	7	-	-
Josephine Stevens	7	7	4	4
Peter Miller	1	1	2	2

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the company.

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DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

On behalf of the Board, I thank them for their commitment to serving our members, who are at the heart of everything we do. I also thank Interim CEO Professor John McCallum, his executive team, and my Board colleagues for their dedication to good governance and focus on guiding National Seniors to a sustainable future.

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



Director: _____

Christopher Guille - Chairperson

Dated this 20th day of September 2018



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The Directors
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Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of National Seniors Australia Limited and the entity controlled during the year.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
20 September 2018

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell

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Liability limited by a scheme approved under Professional Standards Legislation
Pitcher Partners is an association of independent firms

Adelaide Brisbane Melbourne Newcastle Perth Sydney

an independent member of
BAKER TILLY
INTERNATIONAL

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue and other income			
Sales revenue	4	7,389,084	8,263,867
Other revenue	4	<u>460,983</u>	<u>540,219</u>
		<u>7,850,067</u>	<u>8,804,086</u>
Less: expenses			
Employee benefits expense		(4,321,358)	(4,185,693)
Depreciation and amortisation expense	5	(560,492)	(594,005)
Printing and distribution expense		(709,037)	(1,109,212)
Advertising expense		(794,304)	(728,872)
Occupancy expense		(349,439)	(571,307)
Audit, legal and consultancy expense		(100,000)	(197,795)
Finance costs		(86,658)	(104,980)
Other expenses		<u>(1,192,181)</u>	<u>(1,557,054)</u>
		<u>(8,113,469)</u>	<u>(9,048,918)</u>
Loss before income tax expense		(263,402)	(244,832)
Income tax benefit	6	<u>1,992</u>	<u>27,730</u>
Loss for the year		<u>(261,410)</u>	<u>(217,102)</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Change in fair value of financial assets at fair value through other comprehensive income		<u>32,868</u>	<u>230,880</u>
Total comprehensive income/(loss)		<u>(228,542)</u>	<u>13,778</u>

The accompanying notes form part of these financial statements.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	7	1,259,997	691,867
Receivables	8	359,880	480,294
Prepayments		123,533	169,152
Other financial assets	9	519,329	579,473
Current tax assets		<u>94,493</u>	<u>184,055</u>
Total current assets		<u>2,357,232</u>	<u>2,104,841</u>
Non-current assets			
Other financial assets	9	6,286,378	6,292,537
Property, plant and equipment	10	476,401	139,841
Intangible assets	11	3,683,076	4,111,581
Deferred tax assets	6	<u>1,581</u>	<u>3,713</u>
Total non-current assets		<u>10,447,436</u>	<u>10,547,672</u>
Total assets		<u>12,804,668</u>	<u>12,652,513</u>
Current liabilities			
Payables	12	1,076,533	979,590
Provisions	13	283,259	279,605
Other liabilities	14	<u>821,102</u>	<u>689,958</u>
Total current liabilities		<u>2,180,894</u>	<u>1,949,153</u>
Non-current liabilities			
Provisions	13	92,574	75,602
Other liabilities	14	<u>712,898</u>	<u>580,914</u>
Total non-current liabilities		<u>805,472</u>	<u>656,516</u>
Total liabilities		<u>2,986,366</u>	<u>2,605,669</u>
Net assets		<u>9,818,302</u>	<u>10,046,844</u>
Equity			
Reserves	15	77,027	18,621
Retained earnings		<u>9,741,275</u>	<u>10,028,223</u>
Total equity		<u>9,818,302</u>	<u>10,046,844</u>

The accompanying notes form part of these financial statements.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Reserves	Retained earnings	Total equity
	\$	\$	\$
Balance as at 1 July 2016	(218,809)	10,251,875	10,033,066
Loss for the year	-	(217,102)	(217,102)
Change in fair value of financial assets at fair value through other comprehensive income	<u>230,880</u>	<u>-</u>	<u>230,880</u>
Total comprehensive income for the year	<u>230,880</u>	<u>(217,102)</u>	<u>13,778</u>
Transfers	<u>6,550</u>	<u>(6,550)</u>	<u>-</u>
Balance as at 30 June 2017	<u><u>18,621</u></u>	<u><u>10,028,223</u></u>	<u><u>10,046,844</u></u>
Balance as at 1 July 2017	18,621	10,028,223	10,046,844
Loss for the year	-	(261,410)	(261,410)
Change in fair value of financial assets at fair value through other comprehensive income	<u>32,868</u>	<u>-</u>	<u>32,868</u>
Total comprehensive income for the year	<u>32,868</u>	<u>(261,410)</u>	<u>(228,542)</u>
Transfers	<u>25,538</u>	<u>(25,538)</u>	<u>-</u>
Balance as at 30 June 2018	<u><u>77,027</u></u>	<u><u>9,741,275</u></u>	<u><u>9,818,302</u></u>

The accompanying notes form part of these financial statements.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

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

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Receipts from customers		8,177,031	8,239,780
Payments to suppliers and employees		(7,570,536)	(9,427,702)
Dividends received		274,497	325,943
Interest received		12,773	27,757
Finance costs		(86,658)	(104,980)
Income tax refund/(paid)		<u>93,686</u>	<u>(82,209)</u>
Net cash provided by/(used in) operating activities	16	<u>900,793</u>	<u>(1,021,411)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	16,593
Payment for property, plant and equipment		(391,116)	(40,816)
Payment for intangibles		(45,990)	(8,245)
Redemption of term deposits		64,529	142,099
Payments for investments in equity and debt securities		(1,283,830)	(1,387,216)
Proceeds from sale of investments in equity and debt securities		<u>1,323,744</u>	<u>1,590,336</u>
Net cash provided by / (used in) investing activities		<u>(332,663)</u>	<u>312,751</u>
Reconciliation of cash			
Cash at beginning of the financial year		691,867	1,400,527
Net increase / (decrease) in cash held		<u>568,130</u>	<u>(708,660)</u>
Cash at end of financial year	7	<u><u>1,259,997</u></u>	<u><u>691,867</u></u>

The accompanying notes form part of these financial statements.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report covers National Seniors Australia Limited and its consolidated entity. National Seniors Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. National Seniors Australia Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors as at the date of the Directors' Report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Financial statement presentation

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

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue

(i) Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(ii) Grants and contributions

Grant revenue is recognised in the statement of comprehensive income when the group obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the group and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the group incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the balance sheet as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

National Seniors Australia Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the profit and loss.

Donations and bequests are recognised as revenue when received.

(iii) Membership fees are recognised as revenue when no significant uncertainty as to its collectibility exists, if the fee relates only to membership and all other services or products are paid for separately, or if there is a separate annual subscription.

(iv) Interest income

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(v) Dividends and distributions

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

(vi) Rendering of services

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).

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

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

(d) Income tax

The Parent entity, National Seniors Australia Limited, is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. A subsidiary within the group, Over Fifty Insurance Pty Ltd, is not exempt from income tax.

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

Classification

The group classifies its financial assets in the following categories: financial assets at amortised costs and financial assets at fair value through other comprehensive income. The classification depends on the nature of the item and the purpose for which the instruments are held.

Financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective to collect the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Investments in debt securities and term deposits

Fixed term investments in debt securities and fixed term cash deposits with a maturity of greater than three months which are intended to be held to maturity are classified as financial assets at amortised cost. They are measured at amortised cost using the effective interest rate method. These assets are classified as non-current assets, unless management intends to dispose of them within twelve months from the end of the reporting period.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial assets at fair value through other comprehensive income

Investments in equity securities

For equity securities that are not held for trading, the group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. These securities are presented separately in the statement of financial position. Gains or losses are not recycled through profit or loss on ultimate realisation. These assets are classified as non-current assets, unless management intends to dispose of them within twelve months from the end of the reporting period.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from or other amounts due to director-related entities and loans from third parties.

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

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measure.

(g) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

Land is not depreciated. The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements	12.5%	Straight line
Plant and equipment	10 - 33%	Straight line
Motor vehicles	20%	Straight line

**NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Trademarks

Trademarks are recognised at cost. They are amortised over their estimated useful lives being ten years. Trademarks are carried at cost less accumulated amortisation and any impairment losses.

Customer relationships

Acquired customer relationships are recognised at cost, which for assets acquired in a business combination is fair value as at the date of acquisition, less any accumulated amortisation and impairment charges. They are amortised over their estimated useful life of ten years.

Software work in progress

Software work in progress is recognised at cost. Such intangibles are amortised over their estimated useful lives and are carried at cost less accumulated amortisation and any impairment losses.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(n) Provisions

Provisions are recognised when the group 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.

NOTE 2: FAIR VALUE MEASUREMENT

The group measures and recognises the following assets and liabilities at fair value on a recurring basis:

The following table provides the fair value classification of those assets and liabilities held by the group that are measured either on a recurring or non-recurring basis at fair value.

	Level 1	Total
	\$	\$
2018		
Recurring fair value measurements		
<i>Available-for-sale financial assets at fair value through other comprehensive income</i>		
<i>Available-for-sale financial assets at fair value</i>		
Investments in equity securities	5,946,873	5,946,873
2017		
<i>Available-for-sale financial assets at fair value through other comprehensive income</i>		
<i>Available for sale financial assets</i>		
Investments in equity securities	5,842,124	5,842,124
	2018	2017
	\$	\$
NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION		
Key management personnel compensation	<u>1,742,806</u>	<u>1,431,110</u>

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 4: REVENUE AND OTHER INCOME		
Revenue		
Membership fees	2,735,184	2,776,624
Insurance commissions	3,151,054	3,109,726
Tour and travel commissions	577,487	637,625
Publishing and advertising	423,389	706,892
Government and other grants	<u>501,970</u>	<u>1,033,000</u>
	<u>7,389,084</u>	<u>8,263,867</u>
Other revenue		
Dividend and distribution income	279,768	279,481
Interest income	12,773	27,757
Other revenue	<u>168,442</u>	<u>232,981</u>
	<u>460,983</u>	<u>540,219</u>
	<u>7,850,067</u>	<u>8,804,086</u>
NOTE 5: OPERATING PROFIT		
Loss before income tax has been determined after:		
Finance costs		
- make good interest	8,345	-
Depreciation		
- leasehold improvements	52,404	39,819
- plant and equipment	<u>33,593</u>	<u>79,948</u>
	85,997	119,767
Amortisation		
- customer relationships	440,000	440,000
- trademarks	2,618	2,362
- software work in progress	<u>31,877</u>	<u>31,876</u>
	474,495	474,238
Bad and doubtful debts	(23,441)	13,441
Loss on sale of property, plant and equipment	38,614	11,302
Auditor Remuneration		
- audit services	39,490	36,500
- other services	<u>8,290</u>	<u>10,347</u>
	47,780	46,847

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 5: OPERATING PROFIT (CONTINUED)		
Superannuation contributions	367,233	361,959

NOTE 6: INCOME TAX

Components of tax expense / (benefit)

Current tax	(4,124)	(28,067)
Deferred tax	<u>2,132</u>	<u>337</u>
	<u>(1,992)</u>	<u>(27,730)</u>

Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on profit before income tax at 27.5% (2017: 27.5%)	(72,436)	(67,329)
Add tax effect of:		
- Results of tax exempt entities	<u>233,285</u>	<u>230,771</u>
Less tax effect of:		
Under/(Over) provision for income tax in prior years	(338)	-
- Franked dividends	<u>163,179</u>	<u>191,172</u>
Income tax (benefit) / expense attributable to profit	<u>(1,992)</u>	<u>(27,730)</u>

Although the parent entity of the group, National Seniors Australia Limited, is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997, a subsidiary within the group, Over Fifty Insurance Pty Ltd ("OFI"), is a taxable entity. The group is therefore liable for tax on the profits of OFI. It is group policy for OFI to declare a fully franked dividend to the parent entity at the time the tax liability is settled. Upon payment of this dividend and lodgement of the income tax return, the parent entity will be entitled to refundable franking credits.

Deferred tax assets

The balance comprises:

Accruals	<u>1,581</u>	<u>3,713</u>
	<u>1,581</u>	<u>3,713</u>

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	800	800
Cash at bank	<u>1,259,197</u>	<u>691,067</u>
	<u>1,259,997</u>	<u>691,867</u>

A total of \$198,432 (2017: \$95,378) included in cash is held on trust for travel wholesalers, backing a corresponding payable for the same amount. This cash is therefore restricted and not presently available for use by the group.

NOTE 8: RECEIVABLES

CURRENT

Trade debtors	106,574	213,528
Provision for doubtful debts	<u>-</u>	<u>(23,441)</u>
	106,574	190,087
Other receivables	<u>253,306</u>	<u>290,207</u>
	<u>359,880</u>	<u>480,294</u>

NOTE 9: OTHER FINANCIAL ASSETS

CURRENT

Financial assets at amortised cost

- Term deposits	<u>519,329</u>	<u>579,473</u>
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NON CURRENT

Financial assets at amortised cost

- Investments in debt securities	339,505	450,413
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Available-for-sale financial assets at fair value through other comprehensive income

- Investments in equity securities	<u>5,946,873</u>	<u>5,842,124</u>
	<u>6,286,378</u>	<u>6,292,537</u>

Restrictions on investment balances

The group entered into term deposits which have been classified as financial assets at amortised cost, as the original term is for a period of greater than three months. Included in this balance are term deposits of \$500,000 (2017: \$500,000) being balances held as security for bank guarantee facilities. Of this amount, \$491,349 (2017: \$491,349) is restricted being the amount of outstanding guarantees as disclosed in note 19.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements at cost	449,392	318,551
Accumulated depreciation	<u>(19,240)</u>	<u>(253,821)</u>
	<u>430,152</u>	<u>64,730</u>
Plant and equipment at cost	736,799	843,494
Accumulated depreciation	<u>(690,550)</u>	<u>(768,383)</u>
	<u>46,249</u>	<u>75,111</u>
Total property, plant and equipment	<u><u>476,401</u></u>	<u><u>139,841</u></u>

Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Leasehold improvements

Opening carrying amount	64,730	104,549
Additions	449,392	-
Disposals	(31,566)	-
Depreciation expense	<u>(52,404)</u>	<u>(39,819)</u>
Closing carrying amount	<u><u>430,152</u></u>	<u><u>64,730</u></u>

Plant and equipment

Opening carrying amount	75,111	124,333
Additions	11,779	40,816
Disposals	(7,048)	(10,090)
Depreciation expense	<u>(33,593)</u>	<u>(79,948)</u>
Closing carrying amount	<u><u>46,249</u></u>	<u><u>75,111</u></u>

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 11: INTANGIBLE ASSETS		
Goodwill on consolidation	770,000	770,000
Trademarks at cost	31,000	25,514
Accumulated amortisation and impairment	<u>(14,884)</u>	<u>(12,720)</u>
	16,116	12,794
Customer relationships at cost	4,400,000	4,400,000
Accumulated amortisation and impairment	<u>(1,650,000)</u>	<u>(1,210,000)</u>
	2,750,000	3,190,000
Software work in progress at cost	231,577	191,527
Accumulated amortisation and impairment	<u>(84,617)</u>	<u>(52,740)</u>
	<u>146,960</u>	<u>138,787</u>
Total intangible assets	<u><u>3,683,076</u></u>	<u><u>4,111,581</u></u>

Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Goodwill on consolidation

Opening balance	<u>770,000</u>	<u>770,000</u>
Closing balance	<u>770,000</u>	<u>770,000</u>

Trademarks at cost

Opening balance	12,794	15,156
Additions	5,940	-
Amortisation expense	<u>(2,618)</u>	<u>(2,362)</u>
Closing balance	<u>16,116</u>	<u>12,794</u>

Customer relationships at cost

Opening balance	3,190,000	3,630,000
Amortisation expense	<u>(440,000)</u>	<u>(440,000)</u>
Closing balance	<u>2,750,000</u>	<u>3,190,000</u>

Software at cost

Opening balance	138,787	162,418
Additions	40,050	8,245
Amortisation expense	<u>(31,877)</u>	<u>(31,876)</u>
Closing balance	<u>146,960</u>	<u>138,787</u>

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 12: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	411,022	231,754
Other payables	<u>665,511</u>	<u>747,836</u>
	<u><u>1,076,533</u></u>	<u><u>979,590</u></u>

NOTE 13: PROVISIONS

CURRENT		
Employee benefits	<u>283,259</u>	<u>279,605</u>
NON CURRENT		
Employee benefits	<u>92,574</u>	<u>75,602</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 14: OTHER LIABILITIES

CURRENT		
Deferred income	792,236	689,958
Lease Incentives	<u>28,866</u>	<u>-</u>
	<u>821,102</u>	<u>689,958</u>
NON CURRENT		
Deferred income	-	400,000
Lease incentives and straight-lining	<u>712,898</u>	<u>180,914</u>
	<u>712,898</u>	<u>580,914</u>

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 15: RESERVES		
Financial assets at fair value through other comprehensive income reserve	<u>77,027</u>	<u>18,621</u>
	<u><u>77,027</u></u>	<u><u>18,621</u></u>

The financial assets at fair value through other comprehensive income reserve is used to record increments and decrements on the revaluation of investments in equity securities designated as at fair value through other comprehensive income. The entity has a policy of transferring amounts from this reserve to retained earnings when the relevant equity securities are sold.

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

Loss from ordinary activities after income tax	(261,410)	(217,102)
Adjustments and non-cash items		
Amortisation	474,495	474,238
Depreciation	124,611	131,069
Doubtful debts	-	13,441
(Increase) / decrease in accrued dividends recognised in reserves	(5,271)	46,462
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	120,414	(130,108)
(Increase) / decrease in other assets	45,618	7,732
(Increase) / decrease in deferred tax assets	2,132	337
Increase / (decrease) in payables	96,943	(79,727)
Increase / (decrease) in income tax payable	89,562	(110,276)
Increase / (decrease) in deferred income	193,073	(1,015,199)
Increase / (decrease) in provisions	<u>20,626</u>	<u>(142,278)</u>
Cash flows from operating activities	<u><u>900,793</u></u>	<u><u>(1,021,411)</u></u>

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

- (a) In 2017, National Seniors Australia Limited received grant funding of \$100,000 from National Seniors Foundation Limited and recognised \$340,000 as revenue as it relates to research which was carried out by the Group in 2017. No such transactions were entered into during the 2018 financial year.

NOTE 18: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	452,253	294,823
- later than one year and not later than five years	2,566,592	28,122
- later than five years	<u>218,295</u>	<u>-</u>
	<u>3,237,140</u>	<u>322,945</u>

The property lease commitments are non-cancellable operating leases for properties located in Brisbane and Melbourne contracted for but not capitalised in the financial statements with a five-year term.

The Brisbane lease is secured by a bank guarantee of \$491,349 (2017: \$491,349) equivalent to four months rent and outgoings for the last year of the term together with the value of the initial fitout contribution.

There are other minor non-cancellable operating leases contracted for but not capitalised in the financial statements relating to photocopiers, telecommunications equipment and mailing machines used in the Brisbane office.

NOTE 19: CONTINGENT LIABILITIES AND ASSETS

At 30 June 2018 the group had bank guarantees outstanding amounting to \$491,349 (2017: \$491,349) representing security provided under operating leasing and other arrangements. The company had no other contingent liabilities and assets at the reporting date.

NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 20: PARENT ENTITY DETAILS		
Summarised presentation of the parent entity, National Seniors Australia Limited, financial statements:		
Summarised statement of financial position		
Assets		
Current assets	1,878,604	1,947,660
Non-current assets	<u>12,208,197</u>	<u>11,846,972</u>
Total assets	<u>14,086,801</u>	<u>13,794,632</u>
Liabilities		
Current liabilities	1,707,880	1,287,864
Non-current liabilities	<u>1,498,749</u>	<u>1,872,529</u>
Total liabilities	<u>3,206,629</u>	<u>3,160,393</u>
Net assets	<u>10,880,172</u>	<u>10,634,239</u>
Equity		
Retained earnings	10,803,145	10,615,618
Financial assets at fair value through other comprehensive income reserve	<u>77,027</u>	<u>18,621</u>
Total equity	<u>10,880,172</u>	<u>10,634,239</u>
Summarised statement of comprehensive income		
Profit for the year	21,893	104,832
Other comprehensive income for the year	<u>32,868</u>	<u>230,880</u>
Total comprehensive income for the year	<u>54,761</u>	<u>335,712</u>

Parent entity guarantees

The parent entity has not provided any financial guarantees as at 30 June 2018 or 30 June 2017.

Parent entity contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

Parent entity contractual commitments

The parent entity had no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2018 or 30 June 2017.

**NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003**

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

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2018, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2018, of the group.

NOTE 22: ENTITY DETAILS

The registered office and principal place of business of the group is:

National Seniors Australia Limited
Level 18
215 Adelaide Street
Brisbane QLD 4000

**NATIONAL SENIORS AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY
ABN 89 050 523 003**

DIRECTORS' DECLARATION

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Director: _____
Christopher Guille - Chairperson

Dated this 20th day of September 2018

Independent Auditor's Report to the Members of National Seniors Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Seniors Australia Limited ("the Registered Entity") and its controlled entity ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of National Seniors Australia Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Group in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* "ACNC Act" 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.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Registered Entity's financial reporting process.

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 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pitcher Partners.

PITCHER PARTNERS

Nigel Batters

NIGEL BATTERS
Partner

Brisbane, Queensland
20 September 2018