PITCHER PARTNERS

National Seniors Australia Limited and its controlled entity

ABN: 89 050 523 003

Consolidated Financial Report

For the year ended 30 June 2019

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The Directors
National Seniors Australia Limited
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BRISBANE QLD 4001

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2019, 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 entities it controlled during the year.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland

24 October 2019

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue and other income			
Sales revenue	4	7,091,239	7,389,084
Other revenue		886,016	460,983
		7,977,255	7,850,067
Less: expenses			
Depreciation and amortisation expense	5	(603,614)	(560,492)
Employee benefits expense		(4,509,940)	(4,483,772)
Occupancy expense		(566,618)	(437,416)
Operating expenses		(1,519,187)	(1,641,956)
Finance costs	5	(83,586)	(86,658)
Audit, legal and consultancy expense		(250,497)	(100,000)
Travel expense		(153,941)	(152,962)
Computer and telephone expenses		(356,334)	(285,309)
Other expenses		(700,117)	(364,904)
		(8,743,834)	(8,113,469)
Profit / (loss) before income tax expense		(766,579)	(263,402)
Income tax benefit	6	163,719	1,992
Net profit / (loss) from continuing operations		(602,860)	(261,410)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Change in fair value of financial assets at fair value through other comprehensive income		(13,089)	32,868
Other comprehensive income for the year		(13,089)	32,868
Total comprehensive income/(loss)		(615,949)	(228,542)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	7	428,430	1,259,997
Receivables	8	611,797	359,880
Other financial assets	9	946,257	519,329
Current tax assets	6	277,810	94,493
Other assets		86,970	123,533
Total current assets		2,351,264	2,357,232
Non-current assets			
Other financial assets	9	5,374,674	6,286,378
Intangible assets	11	3,219,912	3,683,076
Deferred tax assets	6	1,581	1,581
Property, plant and equipment	10	398,554	476,401
Total non-current assets		8,994,721	10,447,436
Total assets		11,345,985	12,804,668
Current liabilities			
Payables	12	1,100,939	1,076,533
Provisions	13	120,682	283,259
Other liabilities	14	174,693	821,102
Total current liabilities		1,396,314	2,180,894
Non-current liabilities			
Provisions	13	53,995	92,574
Other liabilities	14	693,323	712,898
Total non-current liabilities		747,318	805,472
Total liabilities		2,143,632	2,986,366
Net assets		9,202,353	9,818,302
Equity			
Reserves	15	95,681	77,027
Retained earnings		9,106,672	9,741,275
Total equity		9,202,353	9,818,302

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Reserves $	Retained earnings $	Total equity $
Balance as at 1 July 2017	18,621	10,028,223	10,046,844
Loss for the year	-	(261,410)	(261,410)
Other comprehensive income for the year	32,868	-	32,868
Total comprehensive income for the year	32,868	(261,410)	(228,542)
Transfers	25,538	(25,538)	-
Balance as at 1 July 2018	77,027	9,741,275	9,818,302
Loss for the year	-	(602,860)	(602,860)
Other comprehensive income for the year	(13,089)	-	(13,089)
Total comprehensive income for the year	(13,089)	(602,860)	(615,949)
Transfers	31,743	(31,743)	-
Balance as at 30 June 2019	95,681	9,106,672	9,202,353

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flow from operating activities			
Receipts from customers		7,551,700	8,177,031
Payments to suppliers and employees		(9,116,388)	(7,570,536)
Dividends received		292,227	274,497
Interest received		15,417	12,773
Finance costs		(8,260)	(86,658)
Income tax refund/(paid)		(19,598)	93,686
Net cash provided by/(used in) operating activities	16	(1,284,902)	900,793
Cash flow from investing activities			
Payment for property, plant and equipment		(12,292)	(391,116)
Payment for intangibles		(27,982)	(45,990)
Redemption of term deposits		(424,040)	64,529
Payments for investments in equity and debt securities		(6,458)	(1,283,830)
Proceeds from sale of investments in equity and debt securities		924,107	1,323,744
Net cash provided by / (used in) investing activities		453,335	(332,663)
Reconciliation of cash			
Cash at beginning of the financial year		1,259,997	691,867
Net increase / (decrease) in cash held		(831,567)	568,130
Cash at end of financial year	7	428,430	1,259,997

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers National Seniors Australia Limited and its consolidated entities. 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 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 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.

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

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.

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 consolidated entity 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).

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 entity 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.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

(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 recognised 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

Debentures, government bonds and loans to related parties

Debentures, government bonds and loans to related parties are debt instruments, and are classified (and measured) at amortised cost on the basis that:

(a) they are held within a business model whose objective is achieved by the group holding the financial asset to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Long-term equity instruments

Long-term equity instruments comprise ordinary shares in listed entities that are not held for trading. On initial recognition, investments identified by the group as long-term equity instruments are irrevocably designated (and measured) at fair value through other comprehensive income. This election has been made as the directors' believe that to otherwise recognise changes in the fair value of these investments in profit or loss would be inconsistent with the objective of holding the investments for the long term.

(g) Property, plant and equipment

Each class of plant and equipment is measured 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 other 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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets

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 initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

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. Subsequent to initial recognition, goodwill is measured 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.

IT software development costs

Costs incurred in developing IT software are initially recognised as an asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, IT software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

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 (where ‘value in use’ is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same class of asset. 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.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(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.

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 other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the 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 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 government bonds that are denominated in the currency in which the benefits will be paid. 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 group 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.

(iii) Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. 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.

(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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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
2019	**$**	**$**
Recurring fair value measurements		
Available-for-sale financial assets at fair value through other comprehensive income		
Financial assets at fair value through comprehensive income		
Investments in equity securities	5,265,165	5,185,952
2018		
Available-for-sale financial assets at fair value through other comprehensive income		
Available for sale financial assets		
Investments in equity securities	5,946,873	5,946,873

	2019	2018
	$	**$**
NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION		
Key management personnel compensation	900,847	722,524

The classification of 'key management personnel' has been updated during the period to exclude general managers of the business who have been deemed as persons not having authority and responsibility for planning, directing and controlling the activities of the entity. Comparative balances have been updated to reflect this change in line with the current period.

	2019 $	2018 $
NOTE 4: REVENUE		
Revenue from contracts with customers		
Rendering of services	7,091,239	7,389,084
NOTE 5: OPERATING PROFIT		
Loss before income tax has been determined after:		
Finance costs		
- make good interest	8,260	8,345
Depreciation		
- leasehold improvements	68,977	44,620
- plant and equipment	23,602	33,593
	92,579	78,213
Amortisation		
- leasehold improvements	17,203	7,784
- customer relationships	440,000	440,000
- trademarks	2,956	2,618
- software work in progress	48,191	31,877
	508,350	482,279
Bad and doubtful debts	6,000	(23,441)
- Other employee benefits	4,509,940	4,483,772
Loss on sale of property, plant and equipment	575	38,614
Minimum lease payments on operating leases	478,410	349,439
Auditor Remuneration		
- audit services	39,600	39,490
- other services	7,600	8,290
	47,200	47,780
Superannuation contributions	304,906	367,233

NOTE 6: INCOME TAX

	2019 $	2018 $
(a) Components of tax expense / (benefit)		
Current tax	(147,842)	(4,124)
Deferred tax	-	2,132
Under/(over) provision in prior years	(15,877)	-
	(163,719)	(1,992)

(b) Income tax reconciliation

	2019 $	2018 $
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% (2018: 27.5%)	(210,809)	(72,436)
Add tax effect of:		
- Results of tax exempt entities	398,241	233,285
Less tax effect of:		
Under/(Over) provision for income tax in prior years	15,877	(338)
- Franked dividends	335,274	163,179
Income tax (benefit) / expense attributable to profit	(163,719)	(1,992)

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.

(c) Deferred tax assets

	2019 $	2018 $
The balance comprises:		
Accruals	1,581	1,581
	1,581	1,581

	2019 $	2018 $

NOTE 7: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash on hand	500	800
Cash at bank	427,930	1,259,197
	428,430	1,259,997

A total of $70,127 (2018: $198,432) 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

	2019 $	2018 $
CURRENT		
Receivables from contracts with customers	54,627	106,574
Other receivables	557,170	253,306
	611,797	359,880

NOTE 9: OTHER FINANCIAL ASSETS

	2019 $	2018 $
CURRENT		
Financial assets measured at amortised cost		
- Term deposits	946,257	519,329
NON CURRENT		
Financial assets at fair value through other comprehensive income		
- Investments in debt securities	188,722	339,505
Other financial assets at fair value		
- Investments in equity securities	5,185,952	5,946,873
	5,374,674	6,286,378

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 $664,972 (2018: $500,000) being balances held as security for bank guarantee facilities. Of this amount, $491,349 (2018: $491,349) is restricted being the amount of outstanding guarantees as disclosed in note 19.

	2019	2018
	$	$

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Leasehold improvements at cost	469,636	449,392
Accumulated depreciation	(105,420)	(19,240)
	364,216	430,152
Plant and equipment at cost	748,109	736,799
Accumulated depreciation	(713,771)	(690,550)
	34,338	46,249
Total property, plant and equipment	398,554	476,401

Reconciliations

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

	2019 $	2018 $
Leasehold improvements		
Opening carrying amount	430,152	64,730
Additions	20,244	449,392
Disposals	(17,203)	(31,566)
Depreciation expense	(68,977)	(52,404)
Closing carrying amount	364,216	430,152
Plant and equipment		
Opening carrying amount	46,249	75,111
Additions	12,292	11,779
Disposals	(601)	(7,048)
Depreciation expense	(23,602)	(33,593)
Closing carrying amount	34,338	46,249

NOTE 11: INTANGIBLE ASSETS

	2019 $	2018 $
Goodwill on consolidation	770,000	770,000
Trademarks at cost	31,000	31,000
Accumulated amortisation and impairment	(17,840)	(14,884)
	13,160	16,116
Customer relationships at cost	4,400,000	4,400,000
Accumulated amortisation and impairment	(2,090,000)	(1,650,000)
	2,310,000	2,750,000
Software work in progress at cost	259,559	231,577
Accumulated amortisation and impairment	(132,807)	(84,617)
	126,752	146,960
Total intangible assets	3,219,912	3,683,076

Reconciliations

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

	2019 $	2018 $
Goodwill on consolidation		
Opening balance	770,000	770,000
Closing balance	770,000	770,000
Trademarks at cost		
Opening balance	16,116	12,794
Additions	-	5,940
Amortisation expense	(2,956)	(2,618)
Closing balance	13,160	16,116
Customer relationships at cost		
Opening balance	2,750,000	3,190,000
Amortisation expense	(440,000)	(440,000)
Closing balance	2,310,000	2,750,000
Software at cost		
Opening balance	146,960	138,787
Additions	27,983	40,050
Amortisation expense	(48,191)	(31,877)
Closing balance	126,752	146,960

	2019 $	2018 $

NOTE 12: PAYABLES

	2019 $	2018 $
CURRENT		
Unsecured liabilities		
Trade creditors	339,867	411,022
Other payables	761,072	665,511
	1,100,939	1,076,533

NOTE 13: PROVISIONS

	2019 $	2018 $
CURRENT		
Employee benefits	120,682	283,259
NON CURRENT		
Employee benefits	53,995	92,574

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

	2019 $	2018 $
CURRENT		
Deferred income	47,824	792,236
Lease incentives	126,869	28,866
	174,693	821,102
NON CURRENT		
Lease incentives and straight-lining	693,323	712,898

	2019	2018
	$	$

NOTE 15: RESERVES

Financial assets at fair value through other comprehensive income reserve	95,681	77,027
	95,681	77,027

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

(a) Reconciliation of cash flow from operations with loss after income tax

	2019 $	2018 $
Loss from ordinary activities after income tax	(633,675)	(261,410)
Adjustments and non-cash items		
Amortisation	491,146	474,495
Depreciation	113,043	124,611
(Increase) / decrease in accrued dividends recognised in reserves	10,165	(5,271)
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(251,917)	120,414
(Increase) / decrease in other assets	36,563	45,618
(Increase) / decrease in deferred tax assets	-	2,132
Increase / (decrease) in payables	24,406	96,943
Increase / (decrease) in income tax payable	(184,589)	89,562
Increase / (decrease) in deferred income	(688,888)	193,073
Increase / (decrease) in provisions	(201,156)	20,626
Cash flows from operating activities	(1,284,902)	900,793

NOTE 17: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

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

	2019 $	2018 $
Payable		
- not later than one year	586,447	452,253
- later than one year and not later than five years	2,087,462	2,566,592
- later than five years	-	218,295

	2019 $	2018 $
NOTE 17: CAPITAL AND LEASING COMMITMENTS (CONTINUED)		
	2,673,909	3,237,140

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 (2018: $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 18: CONTINGENT LIABILITIES AND ASSETS

At 30 June 2019 the group had bank guarantees outstanding amounting to $491,349 (2018: $491,349) representing security provided under operating leasing and other arrangements. The company had no other contingent liabilities and assets at the reporting date.

NOTE 19: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, National Seniors Australia Limited, financial statements:

Summarised statement of financial position

	2019 $	2018 $
Assets		
Current assets	1,595,213	1,878,604
Non-current assets	11,457,438	12,208,197
Total assets	13,052,651	14,086,801
Liabilities		
Current liabilities	1,333,903	1,707,880
Non-current liabilities	1,696,631	1,498,749
Total liabilities	3,030,534	3,206,629
Net assets	10,022,117	10,880,172
Equity		
Retained earnings	10,956,474	10,803,145
Financial assets at fair value through other comprehensive income reserve	95,681	77,027
Total equity	11,052,155	10,880,172

Summarised statement of comprehensive income

	2019 $	2018 $
Profit for the year	21,893	104,832
Other comprehensive income for the year	-	32,868
Total comprehensive income for the year	21,893	137,700

Parent entity guarantees

The parent entity has not provided any financial guarantees as at 30 June 2019 or 30 June 2018.

Parent entity contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

Parent entity contractual commitments

The parent entity had no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2019 or 30 June 2018.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2019, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2019, of the group.

NOTE 21: 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 24th day of October 2019

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

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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 2019, 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 Registered Entity's financial position as at 30 June 2019 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 Registered Entity 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 2019, 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 responsible entities 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, responsible entities are responsible for assessing the Registered Entity'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 responsible entities either intends to liquidate the Registered Entity 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 the 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's 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 Registered Entity'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 Registered Entity 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.

We communicate with 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

NIGEL BATTERS
Partner

Brisbane, Queensland
24 October 2019