National Seniors Australia Limited and controlled entity

ABN: 89 050 523 003

Consolidated Financial Report

For the year ended 30 June 2021

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 (Restated) $
Revenue and other income			
Revenue	3	**7,272,606**	6,427,658
Other revenue	4	**1,462,345**	661,582
Other income	4	**589,380**	(331,418)
		9,324,331	6,757,822
Less: expenses			
Employee benefits expense	5	**(3,355,282)**	(3,107,098)
Depreciation and amortisation expense	5	**(1,095,282)**	(1,090,286)
Advertising expense		**(1,336,807)**	(976,198)
Computer and IT expenses		**(412,440)**	(311,170)
Professional fees		**(229,391)**	(243,067)
Finance costs	5	**(166,751)**	(215,260)
Lease expense		**(200,401)**	(148,487)
Travel and accomodation costs		**(40,551)**	(91,710)
Contractor expenses		**(277,757)**	(81,652)
Other expenses		**(388,724)**	(719,175)
		(7,503,386)	(6,984,103)
Surplus / (loss) before income tax expense		**1,820,945**	(226,281)
Income tax (expense) / benefit	6	**149,837**	(96,898)
Surplus / (loss) for the year		**1,970,782**	(323,179)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax		**78,189**	(13,803)
Other comprehensive income / (loss) for the year		**78,189**	(13,803)
Total comprehensive income / (loss)		**2,048,971**	(336,982)

The accompanying notes form part of these financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 $	2020 (Restated) $
Current assets			
Cash and cash equivalents	7	**2,669,513**	1,537,561
Receivables	9	**269,198**	290,502
Other financial assets	10	**617,444**	717,756
Current tax assets	6	**264,229**	-
Other assets	11	**66,984**	66,458
Total current assets		**3,887,368**	2,612,277
Non-current assets			
Other financial assets	10	**6,245,138**	5,243,721
Intangible assets	12	**2,292,878**	2,725,044
Lease assets	13	**1,227,671**	1,749,970
Property, plant and equipment	14	**269,516**	272,339
Total non-current assets		**10,035,203**	9,991,074
Total assets		**13,922,571**	12,603,351
Current liabilities			
Payables	15	**601,159**	635,600
Lease liabilities	13	**616,206**	593,322
Provisions	16	**231,822**	203,925
Current tax liabilities	6	**-**	114,477
Contract liablities	17	**228,943**	245,045
Total current liabilities		**1,678,130**	1,792,369
Non-current liabilities			
Lease liabilities	13	**973,876**	1,590,082
Provisions	16	**191,883**	201,295
Deferred tax liabilities	6	**10,106**	-
Total non-current liabilities		**1,175,865**	1,791,377
Total liabilities		**2,853,995**	3,583,746
Net assets		**11,068,576**	9,019,605
Equity			
Reserves	18	**63,075**	(15,114)
Accumulated funds	19	**11,005,501**	9,034,719
Total equity		**11,068,576**	9,019,605

The accompanying notes form part of these financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Reserves $	Accumulated funds $	Total equity $
Consolidated			
Balance as at 1 July 2019	**95,681**	9,106,672	**9,202,353**
Adjustment on change in accounting policy - Note 1(i)	**(67,494)**	67,494	**-**
Restated balance as at 1 July 2019	**28,187**	9,174,166	**9,202,353**
Balance as at 1 July 2019	28,187	9,174,166	9,202,353
Profit for the year as reported in 2020 financial statements	**-**	8,239	**8,239**
Adjustment on change in accounting policy - Note 1(i)	**-**	(331,418)	**(331,418)**
Restated profit for the year	**-**	(323,179)	**(323,179)**
Net change in fair value of financial assets designated at fair value through other comprehensive income	(13,803)	-	(13,803)
Total comprehensive income for the year	(13,803)	(323,179)	(336,982)
Initial application of AASB 16	**-**	154,234	**154,234**
Transactions with owners in their capacity as owners:			
Transfers to retained earnings, upon disposal of financial assets designated at fair value through other comprehensive income	(29,498)	29,498	-
Total transactions with owners in their capacity as owners	(29,498)	29,498	-
Balance as at 30 June 2020	(15,114)	9,034,719	9,019,605
Consolidated			
Balance as at 1 July 2020	**(15,114)**	**9,034,719**	**9,019,605**
Surplus for the year	**-**	**1,970,782**	**1,970,782**
Net change in fair value of financial assets designated at fair value through other comprehensive income	**78,189**	-	**78,189**
Total comprehensive income for the year	**78,189**	**1,970,782**	**2,048,971**
Transactions with owners in their capacity as owners:			
Total transactions with owners in their capacity as owners	**-**	**-**	**-**
Balance as at 30 June 2021	**63,075**	**11,005,501**	**11,068,576**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 (Restated) $
Cash flow from operating activities			
Receipt from members, grantors and customers		**8,526,308**	8,123,459
Payments to suppliers and employees		**(6,421,866)**	(6,804,675)
Investment income received		**344,784**	189,135
Interest received		**5,223**	10,610
Interest paid		**(159,419)**	(118,851)
Income tax refund/(paid)		**(218,763)**	296,970
Net cash provided by / (used in) operating activities	8(a)	**2,076,267**	1,696,648
Cash flow from investing activities			
Payment for property, plant and equipment		**(93,743)**	(28,596)
Payment for intangibles		**(44,251)**	-
Redemption of / (investment in) term deposits		**100,312**	228,501
Payments for investments in equity and debt securities		**(2,242,907)**	(2,739,189)
Proceeds from sale of investments in equity and debt securities		**1,929,596**	2,482,784
Net cash provided by / (used in) investing activities		**(350,993)**	(56,500)
Cash flow from financing activities			
Payment of lease liabilities		**(593,322)**	(531,017)
Net cash provided by / (used in) financing activities		**(593,322)**	(531,017)
Reconciliation of cash			
Cash at beginning of the financial year		**1,537,561**	428,430
Net increase in cash held		**1,131,952**	1,109,131
Cash at end of financial year		**2,669,513**	1,537,561

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 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 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.

(b) New and revised accounting standards effective at 30 June 2021

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16), AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) and AASB 15: *Revenue from Contracts with Customers* (AASB 15).

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue

The company derives revenue from insurance commission, advertising and grants. Revenue is recognised as, or when goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Commissions

Commission revenue is derived from insurance premiums and travel holidays based on the volume of products or services that are delivered to the group's members from third party providers. The revenue is recognised as a receivable when the products or services have been delivered by the third party providers.

The commission earned is governed by an enforceable contract that specifies the rate at which the group will receivable commission per deliverable.

Advertising

Advertising revenue is derived from the sale of advertisement slots in the group's membership magazine. The product is recognised as revenue when the customer is unable to withdraw from the committed advertisement slot, being when the allowable cancellation period has passed.

Receivables from contracts with customers

A receivable from a contract with a customer represents the company's unconditional right to consideration arising from the transfer of goods or services to the customer. Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

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

(e) Other revenue and other income

The company derives income from the transfer of assets when the company provides no consideration in exchange for the asset received, or the consideration provided by the company is significantly less than the fair value of the asset received, principally to enable the company to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'. This includes membership subscription fees, cash donations, sponsorships, fundraising and operating grant revenue.

Membership subscription fees

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. Membership fees are recognised on a basis that reflects the timing, nature and value of the benefit provided if the fee entitles the member to services or publications to be provided during the membership period, or to purchase goods or services at prices lower than those charged to non-members.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Other revenue and other income (Continued)

Cash donations, sponsorships, fundraising and goods donated in-kind

Cash donations, sponsorships, fundraising and goods donated in-kind are recognised as income when the company obtains control of the asset. These revenues are recognised at the fair value of the consideration received.

Operating grants

A transfer of an asset, including cash, under arrangements that do not contain enforceable and sufficiently specific performance obligations is referred to in the financial statements as an 'operating grant'. Assets arising from operating grants are recognised at fair value when the company obtains control of the asset. Any related amounts, are recognised in accordance with the applicable Australian Accounting Standard. The excess of the initial carrying amount of assets received over the aggregate of the consideration provided by the company and any related amounts is recognised as income.

Dividend and other distributions

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

Interest

Interest revenue is measured in accordance with the effective interest method.

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

(f) Income tax

The parent of the group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*, however, one of the parent's subsidiaries, Over Fifty Insurance Pty Ltd, is a for profit entity which 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)

(g) 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) Retirement benefit obligations

Defined contribution superannuation plan

The group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

(iv) 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)

(h) 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.

(i) 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.

During the financial year, the group reassessed the classification of investments held in managed funds and unit trusts. In previous financial years, the group elected to designate, and subsequently measure, all investments held in managed funds and unit trusts at FVtOCI. After reconsidering the underlying terms and conditions of units held in managed funds and unit trusts, the group has determined that it would be more appropriate for units redeemable directly to the fund to be classified, and subsequently measured, at FVtPL. As a result, changes in fair value of investments in redeemable units are now recognised in profit or loss, instead of other comprehensive income. Comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis. Applying the revised accounting policy to the comparative information resulted in the restatement of prior year profit from $8,239 to a loss of $323,179, the restatement of prior year other comprehensive losses from $345,221 to $13,803 and the transfer of cumulative changes in fair value from reserves to retained earnings of $67,494. The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments held in managed funds.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

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.

Loans to related parties

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.

(j) Plant and equipment

Each class of plant and equipment is measured at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of 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	**Useful lives**	**Depreciation basis**
Leasehold improvements	5-6 years	Straight line
Office equipment	3-6 years	Straight line
Furniture, fixtures and fittings	3-10 years	Straight line
Computer equipment	3-10 years	Straight line

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 and amortised over their estimated useful lives, being ten years. Trademarks are carried at cost less accumuldated amortisation and impairment charges.

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. Customer relationship assets are amortised over their estimated useful life of ten years.

Software costs

Software costs are initially recognised as an asset, and are subsequently amortised over their estimated useful lives, being 5 years. Software costs are carried at cost less accumuldated amortisation and impairment charges.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases (Continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Covid-19 related rent concessions

The group has elected to apply the practical expedient (as permitted by Australian Accounting Standards) not to assess whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications, and to account for any changes in lease payments resulting from the rent concessions as if the changes were not lease modifications. Any gains arising from Covid-19 related rent concessions are recognised in profit or loss.

The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

(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 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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 consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated 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.

(p) Comparatives

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

(q) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas, events after the reporting period that are indicative of conditions that arose after the reporting period (i.e., which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

	2021 $	2020 (Restated) $
NOTE 2: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the group		
- short-term employee benefits	**767,167**	680,104

NOTE 3: REVENUE

	2021 $	2020 (Restated) $
Membership revenue	2,453,516	2,715,885
Insurance commission revenue	2,725,042	2,879,427
Publishing and advertising revenue	229,787	244,101
Grants and subsidies revenue	1,864,261	588,245
	7,272,606	6,427,658

	2021 $	2020 (Restated) $
NOTE 4: OTHER REVENUE AND OTHER INCOME		
Investment income	282,115	146,998
Interest income	5,223	10,610
Donations and grants	10,503	-
Other revenue	1,164,504	503,974
	1,462,345	661,582
Other Income		
Gain / (loss) on investments at fair value through profit or loss	589,380	(331,418)

NOTE 5: OPERATING PROFIT

Surplus / (losses) before income tax has been determined after:

	2021 $	2020 (Restated) $
Finance costs		
- Lease liabliities - finance charges	**89,589**	112,385
- Make-good provision - finance charges	**7,332**	7,007
- Other	**69,830**	95,868
	166,751	215,260
Depreciation	**621,820**	598,374
Amortisation	**473,462**	491,912
Bad and doubtful debts	**-**	15,959
Employee benefits:		
- Short term benefits	**2,956,395**	2,776,207
- Superannuation guarantee contributions	**254,606**	237,962
- Other employee benefits	**144,281**	92,929
	3,355,282	3,107,098

NOTE 6: INCOME TAX

(a) Components of tax benefit

	2021 $	2020 (Restated) $
Current tax	**(159,943)**	96,557
Deferred tax	**10,106**	1,581
Under/(over) provision in prior years	**-**	(1,240)
	(149,837)	96,898

NOTE 6: INCOME TAX (CONTINUED)

(b) Income tax reconciliation

	2021 $	2020 (Restated) $
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 26.0% (2020 (Restated): 27.5%)	**473,446**	(62,227)
Add tax effect of:		
- Results of tax exempt entities	**-**	198,675
	-	198,675
Less tax effect of:		
- Under provision for income tax in prior years	**-**	1,240
- Franked dividends	**232,595**	38,310
- Results of tax exempt entities	**390,688**	-
	623,283	39,550
Income tax (benefit) / expense attributable to profit	**(149,837)**	96,898

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) Current tax

Current tax relates to the following:

	2021 $	2020 (Restated) $
Current tax assets		
Opening balance	**114,477**	(277,810)
Income tax	**(159,943)**	96,898
Tax receipts / (payments)	**(218,763)**	296,970
Under / (over) provisions	**-**	(1,581)
Current tax assets	**(264,229)**	114,477

(d) Deferred tax liabilities

	2021 $	2020 (Restated) $
Deferred tax liabilities		
Accrued income	**10,106**	-
Net deferred tax liabilities	**10,106**	-

(e) Deferred income tax expense included in income tax expense comprises

	2021 $	2020 (Restated) $
Decrease in deferred tax assets	**-**	1,581
Increase in deferred tax liabilities	**10,106**	-
	10,106	1,581

	2021 $	2020 (Restated) $
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	**35**	35
Cash at bank	**2,669,478**	1,537,526
	2,669,513	1,537,561

NOTE 8: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with surplus/(loss) after income tax		
Surplus/(loss) from ordinary activities after income tax	1,970,782	(323,179)
Adjustments and non-cash items		
Amortisation	473,462	491,912
Depreciation	621,820	598,374
Fair value (gains) / losses on financial instruments	(589,380)	331,418
Bad and doubtful debts expense	-	15,959
Finance cost relating to the unwinding of the make-good provision	7,332	7,007
Movement in accrued dividends recognised through other comprehensive income	(20,537)	42,137
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	21,304	305,336
(Increase) / decrease in other assets	(526)	20,512
(Increase) / decrease in deferred tax assets	-	1,581
Increase / (decrease) in deferred tax liabilities	10,106	-
Increase / (decrease) in payables	(34,441)	(465,339)
Increase / (decrease) in income tax payable	(378,706)	392,287
Increase / (decrease) in contract liabilities	(16,102)	197,221
Increase / (decrease) in provisions	11,153	81,422
Cash flows from operating activities	2,076,267	1,696,648

NOTE 9: RECEIVABLES

CURRENT		
Receivables from contracts with customers	161,065	79,775
Allowance for credit losses	-	(15,909)
	161,065	63,866
Other receivables	108,133	226,636
	269,198	290,502

NOTE 10: OTHER FINANCIAL ASSETS

	2021 $	2020 (Restated) $
CURRENT		
Financial assets measured at amortised cost		
Term deposits	617,444	717,756
NON CURRENT		
Financial assets at fair value through profit or loss		
Other investments	5,582,393	4,708,512
Financial assets at fair value through other comprehensive income		
Investments in equity securities	475,853	359,224
Financial assets measured at amortised cost		
Debt securities	186,892	175,985
	6,245,138	5,243,721

Restrictions on investment balances

The term deposits balance includes a balance of $332,486 (2020: $332,486) which is being held as security for bank guarantee facilities. Refer to note 23 for further information.

NOTE 11: OTHER ASSETS

	2021 $	2020 (Restated) $
CURRENT		
Prepayments	**54,444**	53,918
Other current assets	**12,540**	12,540
	66,984	66,458

	2021 $	2020 (Restated) $
NOTE 12: INTANGIBLE ASSETS		
Goodwill at cost	770,000	770,000
Accumulated amortisation and impairment	-	-
	770,000	770,000
Trademarks at cost	31,000	31,000
Accumulated amortisation and impairment	(23,750)	(20,795)
	7,250	10,205
Customer relationships at cost	4,400,000	4,400,000
Accumulated amortisation and impairment	(2,970,000)	(2,530,000)
	1,430,000	1,870,000
Software at cost	303,809	259,558
Accumulated amortisation and impairment	(218,181)	(184,719)
	85,628	74,839
Total intangible assets	2,292,878	2,725,044

The remaining amortisation period for the customer relationship intangible asset is 3.25 years.

(a) Reconciliations

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

	2021 $	2020 (Restated) $
Goodwill on consolidation		
Opening balance	770,000	770,000
Closing balance	770,000	770,000
Trademarks at cost		
Opening balance	10,205	13,160
Amortisation expense	(2,955)	(2,955)
Closing balance	7,250	10,205
Customer relationships at cost		
Opening balance	1,870,000	2,310,000
Amortisation expense	(440,000)	(440,000)
Closing balance	1,430,000	1,870,000
Software at cost		
Opening balance	74,839	126,751
Additions	44,251	-
Amortisation expense	(33,462)	(51,912)
Closing balance	85,628	74,839

	2021 $	2020 (Restated) $
NOTE 13: LEASE ASSETS AND LEASE LIABILITIES		
(a) Lease assets		
Property		
Under lease	2,839,285	2,985,628
Accumulated depreciation	(1,701,802)	(1,346,242)
	1,137,483	1,639,386
Computer equipment		
Computer equipment under lease	122,486	122,486
Accumulated depreciation	(32,298)	(11,902)
	90,188	110,584
Total carrying amount of lease assets	1,227,671	1,749,970

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

	2021 $	2020 (Restated) $
Property		
Opening carrying amount	1,639,386	-
Initial application under AASB 16	-	2,041,444
Additions	-	91,959
Depreciation	(501,903)	(494,017)
Closing carrying amount	1,137,483	1,639,386
Computer equipment		
Opening carrying amount	110,584	-
Additions	-	122,486
Depreciation	(20,396)	(11,902)
Closing carrying amount	90,188	110,584

(b) Lease liabilities

	2021 $	2020 (Restated) $
CURRENT		
Lease liability - property	596,735	574,763
Lease liability - equipment	19,471	18,559
	616,206	593,322
NON CURRENT		
Lease liability - property	903,741	1,500,476
Lease liability - equipment	70,135	89,606
	973,876	1,590,082
Total carrying amount of lease liabilities	1,590,082	2,183,404

	2021 $	2020 (Restated) $

NOTE 13: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

(c) Lease expenses and cashflows

	2021 $	2020 (Restated) $
Interest expense on lease liabilities	89,589	112,385
Gains recognised in profit or loss to reflect changes in lease payments arising from rent concessions occurring as a direct consequence of the Covid-19 pandemic	-	(73,060)
Depreciation expense on lease assets	522,299	505,919

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 (Restated) $
Leasehold improvements at cost	389,598	389,598
Accumulated depreciation	(220,855)	(149,989)
	168,743	239,609
Office equipment at cost	187,275	160,192
Accumulated depreciation	(160,736)	(157,145)
	26,539	3,047
Furniture, fixtures and fittings at cost	24,998	24,998
Accumulated depreciation	(15,945)	(14,256)
	9,053	10,742
Computer equipment at cost	640,591	573,930
Accumulated depreciation	(575,410)	(554,989)
	65,181	18,941
Total property, plant and equipment	269,516	272,339

(a) Reconciliations

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

	2021 $	2020 (Restated) $
Leasehold improvements		
Opening carrying amount	239,609	364,216
Additions	-	10,261
Depreciation expense	(70,866)	(69,556)
Derecognition on initial application of AASB 16 Leases	-	(65,312)
Closing carrying amount	168,743	239,609
Office equipment		
Opening carrying amount	3,047	7,330
Additions	27,083	-
Depreciation expense	(3,591)	(4,283)
Closing carrying amount	26,539	3,047

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (Continued)

	2021 $	2020 (Restated) $
Furniture, fixtures and fittings		
Opening carrying amount	10,742	13,443
Depreciation expense	(1,689)	(2,701)
Closing carrying amount	9,053	10,742
Computer equipment		
Opening carrying amount	18,941	13,565
Additions	66,622	18,335
Depreciation expense	(20,382)	(12,959)
Closing carrying amount	65,181	18,941

NOTE 15: PAYABLES

	2021 $	2020 (Restated) $
CURRENT		
Unsecured liabilities		
Trade creditors	311,699	80,127
Other payables	289,460	555,473
	601,159	635,600

NOTE 16: PROVISIONS

	2021 $	2020 (Restated) $
CURRENT		
Annual leave	152,767	161,542
Long service leave	79,055	42,383
	231,822	203,925
NON CURRENT		
Long service leave	35,431	52,175
Other	156,452	149,120
	191,883	201,295

	2021 $	2020 (Restated) $

NOTE 17: CONTRACT LIABILITIES

	2021 $	2020 (Restated) $
CURRENT		
Unearned income	**228,943**	245,045

A contract liability represents the group's obligation to provide future services under contractual arrangements that contain enforceable and sufficiently specific performance obligations for which the group has received consideration (or an amount of consideration is due) in advance of those services being provided. Amounts recorded as contract liabilities are subsequently recognised as revenue as performance obligations are satisfied. Performance obligations are generally satisfied within the term of the grant agreement.

NOTE 18: RESERVES

	2021 $	2020 (Restated) $
Financial assets at fair value through other comprehensive income reserve	63,075	(15,114)

The financial assets at fair value through other comprehensive income reserve is used to record changes in the fair value of financial assets classified or designated 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 19: ACCUMULATED SURPLUS

	2021 $	2020 (Restated) $
Accumulated surplus at beginning of year	**9,034,719**	9,174,166
Initial application of AASB 16	**-**	154,234
Surplus / (loss) for the year	**1,970,782**	(323,179)
Transfers to / (from) reserves	**-**	29,498
	11,005,501	9,034,719

NOTE 20: CONTINGENT LIABILITIES AND ASSETS

At 30 June 2021 the group had bank guarantees outstanding amounting to $332,486 (2020: $332,486) representing security provided under operating leasing and other arrangements. The company had no other contingent liabilities and assets at the reporting date.

NOTE 21: MEMBERS' GUARANTEE

The group is incorporated under the *Corporations Act 2001* and is a group limited by guarantee. If the group 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 group. At 30 June 2021 the number of members was 10. The combined total amount that members of the group are liable to contribute if the group is wound up is $20.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2021, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2021, of the group.

NATIONAL SENIORS AUSTRALIA LIMITED AND 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

Dated this 21st day of October 2021

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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 2021, the consolidated statement of profit or loss 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 2021 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 (including Independence Standards)* ("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 2021, 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 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, the responsible entities 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 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 entities' 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 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

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
21 October 2021