



PROBUS SOUTH
PACIFIC LIMITED

ANNUAL REPORT
2020 - 2021

FUN, FRIENDSHIP AND FELLOWSHIP



TABLE OF CONTENTS

Page No.

2	About Probus
2	About Probus South Pacific Limited
3	Board of Directors
6	Chairman's Report
8	Treasurer's Report
10	Chief Executive Officer's Report
	ANNUAL FINANCIAL REPORT
12	Corporate information
13	Directors' Report
16	Auditor's independence declaration
17	Statement of profit or loss and other comprehensive income
18	Statement of financial position
19	Statement of changes in funds
20	Statement of cash flows
21	Notes to the financial statements
40	Directors' declaration
41	Independent auditor's report

ABOUT PROBUS

Probus is Rotary's most successful community service activity for retirees. Probus is the social club of choice, an association for active members of the community and for those no longer working full-time to join together in Clubs for a new lease of life in retirement.

Its basic purpose is to advance intellectual and cultural interests amongst adult persons, to provide regular opportunities to progress healthy minds and active bodies through social interaction and activities and to expand interests and enjoy the fellowship of new friends.

A BRIEF HISTORY

The first Probus Clubs in the South Pacific region were the Probus Club of Kapiti Coast in New Zealand in 1974 and the Probus Club of Hunters Hill in Australia in 1976. Due to the rapid expansion of Probus in both Australia and New Zealand, it was recognised that a central administration centre was needed to support Probus Clubs in the South Pacific region.

By 1981 there were 44 Clubs in Australia and New Zealand and this saw the formation of the "Probus Information Committee". This was the foundation that led to the later PROBUS umbrella organisations initially "Probus Centre - South Pacific Inc" and today "Probus South Pacific Limited".

In 2011, Probus Centre – South Pacific Inc became Probus South Pacific Limited (PSPL). This was a change in the corporate structure from an incorporated association to a company limited by guarantee. A company limited by guarantee is the appropriate structure for "not-for-profit organisations" which operate beyond State and Territory boundaries.

PSPL is governed by a constitution that outlines the objectives and role of PSPL including its membership and Board structure.

ABOUT PROBUS SOUTH PACIFIC LIMITED

PSPL's role is to serve the members of our Probus community, a community that shares the Probus values that have been developed over 45 years. It is these values and our motto of Friendship, Fellowship and Fun that are at the core of Probus.

Under the direction of the PSPL Board, the PSPL Team is responsible for ensuring the efficient and effective delivery of a wide range of services including administration, insurance, member benefits and support to Probus Clubs and Probus Club members in the South Pacific region.

Each of the members of the PSPL Board acts in a voluntary capacity dedicated to ensuring that Probus is the social club of choice for retirees.

OUR VISION

To promote the growth, development and support for the Probus Community in the South Pacific region, as the most recognised and accessible organisation for retirees, fostering friendship, fellowship and fun!

BOARD OF DIRECTORS



DAVID SIMPSON AAIB, JP

Chairman

David is a past president of the Combined Probus Club of West Lakes and is currently a member of West Lakes Shore and Glenelg Bay Probus Clubs and is the Representative Member for South Australia/Northern Territory. David also served as the Rotary District Probus Chairman for District 9500 from 2015 to 2018.

He had a 40-year career in the banking industry and retired as SA Manager Private Banking for a major bank. He then worked for ten years as Practice Manager for an accounting firm.

He has had extensive experience as chairman or president for various community organisations.



JUDITH MAESTRACCI AM

Vice Chairman

Judith is a foundation member and past president of the Probus Club of Indooroopilly Inc., Queensland, and is the Representative Member for Queensland. She is also a foundation member and former Secretary of the Probus Club of Paddington Inc., and has served two terms as a member of the Management Committee of the Probus Association of Queensland.

Judith has owned and operated her own businesses, held senior corporate management roles and served as Chairman and non-executive Director in numerous listed and unlisted companies, government entities, commissions and not-for-profit organisations.

She was recognised for her contribution to community, sport and tourism industry in 1996 appointed as a Member of the Order of Australia (AM).



DOUGLAS NEWMAN CA, ACIS, AGIA

Treasurer

Doug is an Appointed Director and is a member of the Probus Club of Sanctuary Cove Inc., in Queensland.

Prior to his retirement, Doug spent 35 years in the publishing, film and entertainment industries, holding various executive positions, including Group Controller and Company Secretary. His final position was Company Secretary and Alternate Director for Southern Star Group Limited.



MARGARET DRAKE

Immediate Past Chairman

Margaret is a foundation member of the Combined Probus Club of Rolleston in New Zealand and is the Immediate Past Chairman.

She has received a Paul Harris Fellow award for her contribution to Rotary.

She has been actively involved in Inner Wheel and retired as a legal secretary/executive. She has also been Treasurer of her local Residents Association.



ANTHONY BLABER BSc, CStJ

Anthony is a foundation member of the Combined Probus Club of West Melton in New Zealand and is the Representative Member for New Zealand.

Early in his professional career, he was a Chartered Engineer in the United Kingdom and New Zealand and later a member of the senior management team of St John in New Zealand, now retired.

He is a Commander of the Order of St John and Priory Chapter Member. He is also a Trustee and Executive Officer of the New Zealand Paramedic Education and Research Charitable Trust.



GRAEME BROWN FCPA, FCHSM

Graeme is a foundation member of the Combined Probus Club of Leeming, formed in 2008, and was the Foundation President for two years. He was also President of the Probus Association of Western Australia and is currently the Probus District Chair of Rotary District 9465. Graeme is the Representative Member for Western Australia.

His working life was in the health management field of both acute and aged care.



ADRIAAN (ARIE) GEERLOFS B.Comm

Arie is the Rotary Appointed Director. He had a 37 year career in taxation in New Zealand and is a Past District Governor of Rotary District 9970.

He holds a degree in Commerce (Accountancy) and filled many roles on the boards of pre-schools, primary schools and is currently on the board of Hanmer Springs Forest Camp. He is a member of the Papanui Rotary Club in Christchurch and was awarded a Paul Harris Fellowship award in 2016.



WILLIAM (BILL) KILLINGER AM BE FIEAust

Bill is a member and past president of Warrawee Probus Club Inc. He is a retired civil engineer and has served as chairman and director of public and private companies in the mining and construction industries in Australia and North America. Bill is the Representative Member for New South Wales and the Australian Capital Territory.

In 2009, he was appointed a Member of the Order of Australia (AM) for service to the community and to his profession both in Australia and internationally.



BRUCE MORLEY B.COM, FCPA, FGIA, FCIS

Bruce is a member and past president of the Probus Club of Mount Waverley Inc., Victoria and is the Representative Member for Victoria and Tasmania.

He retired after a career in which he filled Executive Director and Executive Management roles in industry, predominantly in diversified manufacturing businesses. After retiring, he held non-executive Directorships in listed and unlisted Public Companies.

He has also held Board and Committee positions in sporting, health, tertiary education and community service organisations within the not-for-profit sector.



PETER TURNER MBA, LLB, BA, FGIA

Peter is a past president of the Men's Probus Club of Toorak Inc., Victoria and is an Appointed Director.

He has many years of business experience in the private sector in both Australia and overseas.

He held senior positions in the Royal Philips Electronics Group, Foster's Group Limited and the Australian Corporate Lawyers Association (now the Association of Corporate Counsel Australia), of which he was also the Chief Executive Officer.



DOUGLAS GEEKIE B.Ec, FCPA

Douglas is a member of the Probus Club of Sanctuary Cove Inc., Queensland and had a business career that included General Management, Corporate Finance and Company Directorships.

Douglas was the Immediate Past Chairman up until the end of his term on 17 September 2020.



NICHOLAS LEDINGHAM Dip. Law (SAB)

Nicholas is a member and a past president of the Probus Club of Tomaree Inc., at Port Stephens. He is a retired solicitor and an accredited specialist in family law. He has also had long associations with the Confederation of Australian Motor Sports and the Royal Life Saving Society of Australia NSW Division.

Nicholas was the Representative Member for New South Wales and Australian Capital Territory up until the end of his term on 17 September 2020.



IAN MURRAY OAM JP BA Dip Ed Grad Dip Ed Admin

Ian is a member of the Combined Probus Club of Noranda in Western Australia. He is a past Governor of Rotary. He holds degrees in education and is a retired Principal of a secondary school. He is a life member of a number of community organisations in Western Australia.

Ian was the Representative Member for Western Australia up until the end of his term on 17 September 2020.

CHAIRMAN'S REPORT



My report for the 2020-2021 year comes at a time of enormous upheaval to our great organisation. I would love to be reporting on the opening of new Clubs and growth in membership at existing Clubs. Unfortunately, the pandemic has had a significant impact on Clubs, members and of course, Probus South Pacific Limited (PSPL).

MEMBERSHIP

In the previous Probus year we opened 52 new Clubs compared to 45 Clubs in the year before that. Understandably, due to COVID-19, we were restricted in the number of new formations with 4 new Clubs in 2020-2021.

Equally important is membership in existing Clubs, like other community organisations, we have had a gradual decline in members over the years. Prior to COVID-19, we were very optimistic about membership, as the decline had been reducing and we had targeted to break even in membership this year, but that has been thrown into disarray.

Given that Probus was established more than 45 years ago, Club closures are expected. Sadly, the pandemic has brought forward some of those closures. During the year many Clubs were able to return to some normal level of activity, although some Clubs are still experiencing challenges, particularly for those regions that have had extended periods of lockdown. Despite a number of Clubs reporting a decline in membership, we are encouraged by Clubs that have indicated that members who were lost last year, are now suggesting they will return.

As a result of these challenges, the extent of the impact of the pandemic on membership will not be understood for some time. Nevertheless, we are confident that Probus Club membership will grow, and indeed flourish, given the important role that Probus plays in the lives of retirees.

What did impress during the year was the resilience of our Probus Clubs with meetings in the open air or by electronic means and even telephone trees. If you went back a couple of years none of these ideas would have surfaced. Once again, this emphasises the quality of the leadership teams in our Clubs.

I would like to thank the thousands of volunteer Management Committee members who continued to lead their Clubs and Associations through some unprecedented times.

What has become abundantly clear over the past 18 months is that social connections are extremely important, particularly for the "older" generation. We will learn to live with COVID-19 and will continue to support our existing Clubs in membership growth as well as open new Clubs, to allow many more retirees to join our great Community.

DIRECTORS

My three years as the Representative Member/Director for South Australia & Northern Territory finishes at the conclusion of the August 2021 Annual General Meeting. I will remain on the Board for one more year as Past Chairman. I am pleased to advise that John Hall, past President of Campbelltown Probus Club in South Australia, has been appointed to the Board in my place for a three-year term. I have greatly enjoyed serving the Probus Community as Chairman and received a lot of satisfaction and fulfillment, and I wish John similar success.

Past Chairman Margaret Drake has completed her year in that position and leaves the Board after more than four years. She did a great job on the Board both as a member and Chairman and I wish her every success as she continues her Probus journey in her own Club.

I have been amazed and thrilled with the quality and knowledge of the Directors on the Board. They have a wide range of skills in law, finance, marketing and administration. Members can be assured that our organisation is well served by this voluntary team.

COVID-19

The Board responded to COVID-19 through the formation of a specific Board Committee that worked with Management to implement an appropriate strategy to ensure its long-term viability.

The direct financial impact of that strategy is outlined in the Treasurer's Report and Annual Financial Report. Disappointingly, one of the by-products of that strategy was that obviously the number of staff at PSPL had to be adjusted. Reducing staff levels is always an emotional issue as it is extremely difficult to say goodbye to long-term employees who have been providing excellent service to our Community. Even though this has happened in a lot of organisations, it is a difficult process to undertake. I am particularly thankful to all those members who have expressed concern for the PSPL Team. They are, of course, all part of the Probus family.

PROBUS DAY

An initiative from Vice Chairman Judith Maestracci last year was to nominate and celebrate Probus Day. The day she selected was 1st October which aligns with the United Nations International Day of Older Persons. Despite the challenges, our inaugural Probus Day was very successful. It was impressive how many Clubs picked up the cudgel and ran a successful celebratory function in October. Let's make it even bigger and better in 2021!

While Probus was first established in the UK in 1965, the UK has more than double our population with less than half of the combined number of members in both Australia and New Zealand. Recent statistics show that while there are Probus Clubs in many countries, Australia and New Zealand have a significant concentration of Probians.

Although the numbers in Probus vary across the globe, it is truly wonderful to share the common bond of fun, friendship and fellowship. Wouldn't it be amazing to see Probus Clubs all over the world celebrate Probus Day?

CLUB CONSTITUTIONAL REVIEW

During the year, the Board committed to reviewing the Standard Probus Club Constitution (and associated incorporated models). The Board had planned to start this review in the previous year but unfortunately this was delayed. Our objective with this review is to provide clear, concise Constitutions that will reflect modern practices and assist Clubs in their overall management. Clubs will be consulted as part of this review which will commence later this year.

ACKNOWLEDGEMENTS

This has been an especially difficult year for Probus, and I would like to recognise PSPL CEO Silvana Martignago and her hardworking Team for their excellent work during the year under such trying circumstances. It is sometimes only in troubled times that we realise what gems we have in our organisation.

FUTURE

Let us move forward and seek to involve more members of our retired community in Probus - especially now during lockdowns where the experts are encouraging senior members of the community to stay connected and become more involved, thus warding off the decline as we age.

In South Australia we have one Probus member who is aged 104 and still living alone at home. He is grateful to be picked up and taken to Probus and Rotary. He was more active until he hurt his leg age 100 when mowing the lawn. So, no more mowing!

Let his story inspire us to age gracefully and remain actively involved in our Probus Community.



David Simpson

Chairman

TREASURER'S REPORT



The ongoing impact of the COVID-19 pandemic on the Company's business, and on the business of its numerous business partners, has had a profound effect on the Company's financial performance. The extent of the impact, as reflected in the financial reports, has made a traditional year-on-year comparison virtually meaningless. As such, this report will focus on the key impacts and hopefully, make the outcomes in our financial reports a little more understandable.

The Company received a major financial boost [\$423,260] from the Australian Government's JobKeeper and Cash Flow Boost assistance programs for companies affected adversely by COVID-19.

The new business model mentioned in the 2020 report was progressively implemented during the year resulting in a lowering of the Company's cost base.

The result for the financial year was an after-tax surplus of \$51,236 against the loss of \$66,570 in the previous year and against the expected loss mentioned in last year's Annual Report.

The important financial health indicators of Total Funds, Working Capital and available Funding Reserves were all very strong at year end

FINANCIAL PERFORMANCE

The following table summarises key data for the year, comparing data from the previous year.

Item	2020/21	2019/20
Revenue and other income	1,850,533	5,189,393
Expenditure	1,818,333	5,289,387
Surplus / (deficit) before income tax	32,200	(99,994)
Income tax	(19,036)	(33,424)
Surplus / (deficit) after income tax	51,236	(66,570)
Total assets	2,751,893	4,812,707
Total liabilities	690,252	2,802,302
Total funds	2,061,641	2,010,405

REVENUE

Revenue for the year was dramatically less than in previous years. Capitation fee revenue reduced by 24% in comparison to revenue collected in the 2019/20 year. The reason for this was twofold – firstly, a 20% capitation fee discount was provided to Probus Clubs in both Australia and New Zealand by the PSPL Board, and, secondly, there was, understandably, a reduction in member numbers.

The travel insurance industry experienced major upheaval because of the restrictions on travelling internationally which led to a winding back of the Probus travel insurance program. The COVID-19 impact on the businesses of the Probus sponsors and advertisers who provided their advertising support in the prior year was so severe that cutbacks in this area of their spending were needed for their survival. This loss of revenue led to an unavoidable reformatting of the Australian National Magazine to a digital format - now provided on a complimentary basis to Probus members, thus losing the revenue from sale of this magazine received in prior years.

The Australian Government's JobKeeper and Cash Flow Boost business support packages provided the Company with \$423,260 of additional revenue during the year and was a major contributor to the after-tax surplus.

EXPENDITURE

The major reduction in revenue during the year created a need to reduce expenditure to a manageable level. The new business model mentioned in the prior year's Annual Report was progressively implemented during the year. The new business processes which were part of that model, although not fully implemented until the second half of the year, generated significant cost savings. Most regrettably, staff reductions were unavoidable. However, these reductions contributed to the lowering of the Company's cost base.

The Australian National Magazine was converted to a digital version, thus reducing the production costs involved in publishing a printed version. Corresponding to the reduction in travel insurance revenue was the reduction in the premium payable to the underwriter. A wide-ranging review of all costs being incurred by the Company was undertaken by Management and cost reductions across a broad range of expense categories were implemented.

FINANCIAL POSITION

The Company's important financial health indicators, notwithstanding the COVID-19 disruption, remained stable and strong. The working capital position was steady at \$425,941 [prior year \$433,173] and net funds increased slightly to \$2,061,641 [prior year \$2,010,405]. Cash and Cash Equivalents of \$692,122 were much lower than the prior year due to the delayed payment of the substantial annual premium adjustment for the travel insurance policy in the previous year.

Consequently, on a like-for-like basis there has been little change in the Company's cash position and the year-end level, together with funding options available to the Company, mean that the Company is well funded to conduct its business going forward. The delayed payment of the annual premium adjustment also caused the major reduction in the "Trade and other payables" item in Current Liabilities. The other major reduction in Current Liabilities was in the "Travel insurance funding facility" which, because of the cessation of the Travel Insurance program, was no longer required.

INCOME TAX

Although the Company will be receiving a small income tax rebate for the year, the Board continues to be concerned about the level of both income tax and GST it has to pay in the provision of services to Clubs and members. Despite exploring all conventional avenues to alleviate this financial burden, the Board will continue to review opportunities to address this matter.

AUDIT

The financial reports of the Company have been subject to an independent audit by the Company's auditors, Cabel Partners. The resultant unqualified audit report is provided as a part of this Annual Report.

The PSPL staff involved in the preparation of these financial reports have, in the present most difficult circumstances, done an outstanding job of preparing the reports and fully satisfying the requirements of the Company's auditors. I would like to acknowledge their efforts and congratulate them on the professional and diligent way in which they have conducted and completed the process.

THE TREASURER

I thank the Treasurer, Doug Newman, for his leadership of the Company's Finance, Audit and Risk Committee throughout the year and for his contribution to the Company's financial management processes. He is currently recovering from a health-related matter and I wish him a speedy recovery.

THE YEAR AHEAD

Although the new business model will be fully operative during the forthcoming year, there will continue to be pressure on sources of revenue. Importantly, the coming year will be a period of stabilisation, but it will be a period when the Company expects financial strengthening to occur. This strengthening should lead to an expansion of financial resources and a consequent underpinning of the Company's move towards a resumption of growth.



Bruce Morley
Acting Treasurer

CHIEF EXECUTIVE OFFICER'S REPORT

This year presented some significant challenges as a result of the ongoing impact of the COVID-19 pandemic. Our members, business associates and staff have all been affected in some way, shape or form. The role of the service and support centre is to assist the many volunteers in leadership roles across Clubs and Associations. While the pandemic continued to overshadow much of the 2020-21 year, I am pleased with what we have been able to accomplish in support of our Community, which of course, includes the Team at PSPL.

Throughout the year we have continued to focus on the provision of service and support to the Probus Community across Australia and New Zealand with a key focus on assisting our volunteer Management Committees to deliver fun, friendship and fellowship in what can only be considered as a very strange year. Even after all this time, it is still quite surreal that the words "lockdowns", "restrictions" and "social distancing" have become part of our normal vocabulary.

In fact, I quite dislike the term "social distancing". It is certainly not social distancing at all - it is simply physical distancing as every one of us needs those very important social connections, whether they be face-to face, by phone or virtual.

This report highlights some of the activities over the year.

COVID-19 RESPONSE

The timing of the pandemic for Probus could not have been worse with many Clubs unable to hold their Annual General Meetings in March 2020 due to the lockdown. Our response included a capitation fee discount and the introduction of additional services to help Clubs stay engaged with their members. We produced detailed Q&A's for each State and Territory in Australia as well as New Zealand to assist Club Management Committees navigate the challenges presented by COVID-19. PSPL also collaborated with the Australian Over 50's Living and Lifestyle organisation to develop a Coronavirus Survival Guide which was made available to Probus Clubs and members across Australia and New Zealand. A similar collaboration with the E-Safety Commissioner resulted in a number of free online webinars for Probus members on the importance of online safety.

As restrictions eased, we provided Clubs with template documentation which included a COVID-19 checklist and response plan that formed part of our overall Risk Management Guidelines aimed at assisting Clubs with a return to meetings and activities.

We introduced our *Staying Connected* publication which provided Clubs and members with a range of initiatives

to stay engaged and connected with their Club and each other. We proactively conducted wellness checks on Clubs to identify how PSPL could assist with member engagement. We also assisted quite a number of Clubs to source alternative venues where current venues could no longer accommodate Clubs due to physical distancing requirements.

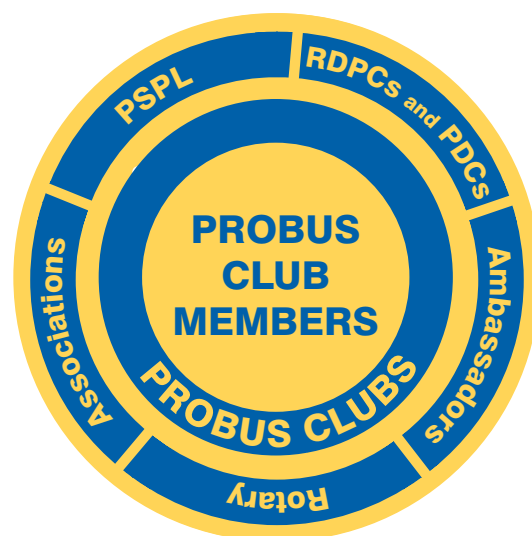
PSPL, like many other businesses, had to adopt a revised business model that allowed us to continue to service and support the Probus Community in line with the reduction in revenue. Regrettably, a loss of staff was unavoidable in this regard and by the end of the 2020 calendar year, the size of the PSPL Team had reduced considerably.

This was a difficult process for everyone involved and once again, I must thank those staff who sadly are no longer with PSPL.

MEMBERSHIP

Over the years our focus on membership has been two pronged - helping existing Clubs focus on retention and replacement of members as well as seeking growth, including the formation of new Clubs. While new Club formations were curtailed, we opened 4 new Clubs during the year including one on our inaugural Probus Day. Existing Clubs were supported through the range of services that continued to be provided throughout the year. This included the conduct of either face-to-face and/or virtual Information Days as well as membership cluster meetings.

The Probus Community



As restrictions started to ease throughout the year, we were encouraged by the lift in demand for the range of promotional material. By far the most popular membership resources were the personalised flyers and posters. However, it is critical for Clubs to have a membership growth plan and our Team has assisted many Clubs with the development of their own plans throughout the year.

Growing membership is the collective responsibility of all those in our Community who work together for the benefit of members. The focus that we have collectively had on membership as a Community over the years has assisted us during this pandemic. While there has been a membership decline, the impact would have been greater if it had not been for the collective focus of Club Leaders and membership representatives, including Ambassadors, Probus District Chairmen, Rotary District Chairmen, Association representatives and of course, PSPL itself.

My sincere thanks and appreciation goes out to all those volunteers for their commitment to Probus.

PUBLICATIONS

It is unfortunate that we had to suspend the printed version of the *Active Retirees* publication. We do understand that there are some Clubs and members who prefer to read a printed edition. However, the suspension of the printed magazine was one of necessity due to the loss of both advertising and subscription revenue as a result of the pandemic. Without this revenue, the printing and distribution costs of the Australian magazine could not be sustained.

Despite not producing a printed magazine in Australia, all members were able to receive the magazine in digital form at no additional cost. It was pleasing to note that many members signed up to receive the digital issues directly rather than through their Club. We appreciate the commitment of those advertisers who have continued to support our *Active Retirees* publications and we ask all members to consider supporting those advertisers where possible. Pleasingly, the New Zealand magazine was able to return to print during 2021.

As part of the overall structure of our publications, we have developed a Partnership Program which will facilitate the provision of a range of exclusive benefits and services to our members. This program will complement the current Member Benefits Scheme that provides a range of exclusive discounts to Probus Club members.

TRAVEL INSURANCE

The travel insurance landscape changed completely as a result of the pandemic. Some 18 months on, there are still restrictions on the majority of international travel and that is unlikely to change for quite some time. Nevertheless, the appetite for travel has not diminished. PSPL did not renew its travel insurance program with Chubb which expired on 30 November 2020. PSPL has sourced a new provider for the provision of travel insurance in Australia. Together with Allianz Partners, PSPL will be making a range of travel insurance products available to Probus Club members across Australia in the coming months.

Negotiations continue with one of New Zealand's leading insurance companies for the provision of travel insurance to New Zealand Probus Club members.

These new travel insurance arrangements are a significant achievement given the impact on the insurance industry generally. We look forward to supporting our members when travelling both domestically and overseas.

PROBUS DAY

During the month of October 2020, our Community celebrated the inaugural Probus Day – in line with the United Nations International Day of Older Persons which is recognised across the world. Despite the challenges of 2020, our first Probus Day was a resounding success with many Clubs and members all over Australia and New Zealand holding a wide range of celebrations and events.

Clubs embraced Probus Day through morning and afternoon teas, lunches, lighting of landmarks as well as hosting of joint events with other Clubs.

PSPL wrote to key government representatives and the support we received from the Australian government was overwhelming under the circumstances, with many representatives eager to show their support by generating awareness of Probus Day and Probus generally. In New Zealand the timing of the elections limited the level of support. However, we are very encouraged by the response to date for Probus Day 2021.

In addition to Probus Day, we also celebrated two significant milestones during the year with the very first Club in the South Pacific turning 46 years old. The Probus Club of Kapiti Coast in New Zealand was formed on 5 November 1974 and on 3 February 2021, the first Club in Australia, the Probus Club of Hunters Hill & District, turned 45 years old. Both these Clubs are still going as strong as ever and are a testament to their Club's leadership over the years. We marked these milestones by sharing commemorative videos with our Probus family.

THANK YOU

Finally, I would like to thank the Board and the PSPL Team for their support and hard work during the year. This past year was probably the most challenging for our Community and while we would like to hope that the worst of the pandemic is behind us, as I write this report, much of Australia is under some level of restriction due to yet further outbreaks.

The key to our success in the past has been through the collaboration and commitment of everyone in our Community and although there are currently some ongoing challenges in parts of Australia, I am confident that the resilience of our community will continue to prevail as it has done since the onset of COVID-19. Collectively we must continue to focus on membership growth by extending the hand of friendship to the thousands of retirees across our communities.

The Team at PSPL look forward to supporting you in the delivery of fun, friendship and fellowship.



Silvana Martignago
Chief Executive Officer

ANNUAL FINANCIAL REPORT

CORPORATE INFORMATION

DIRECTORS

David Simpson (Chairman)
Judith Maestracci (Vice Chairman)
Douglas Newman (Treasurer)
Margaret Drake (Immediate Past Chairman)
Anthony Blaber
Graeme Brown
Adriaan Geerlofs
William Killinger
Bruce Morley
Peter Turner

COMPANY SECRETARY

Tony de Govrik

CHIEF EXECUTIVE OFFICER

Silvana Martignago

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Perth House
Ground Floor, Suite 1
85 George St
Parramatta NSW 2150

AUDITORS

CABEL Partners

TAX AND ACCOUNTING ADVISORS

William Buck

LAWYERS

Carroll & O'Dea

PATENT AND TRADEMARK ATTORNEYS

Wallington-Dummer
AJ Park

DIRECTORS' REPORT

The Directors present their report together with the financial statements, to the Members of Probus South Pacific Limited (the Company) for the financial year ended 31 March 2021 and the Independent Auditor's Report thereon.

DIRECTORS

The names of each person who has been a Director of the Company during or since the end of the financial year, including the number of Board meetings held during the year and the number of Board meetings attended by each Director, are as follows:

	Date appointed	Date of cessation	Board	
			A	B
David Simpson	31 March 2017	-	11	10
Judith Maestracci	22 August 2019	-	11	11
Douglas Newman	12 December 2019	-	11	11
Margaret Drake	12 January 2016	-	11	11
Anthony Blaber	23 February 2017	-	11	11
Graeme Brown	17 September 2020	-	4	4
Adriaan Geerlofs	1 October 2019	-	11	10
William Killinger	17 September 2020	-	4	3
Bruce Morley	25 February 2019	-	11	11
Peter Turner	11 June 2015	-	11	11
Douglas Geekie	30 May 2013	17 September 2020	7	7
Nicholas Ledingham	23 June 2017	17 September 2020	7	6
Ian Murray	23 June 2017	17 September 2020	7	7

Where:

- **Column A** – is the number of Board meetings held during the time the Director held office during the year
- **Column B** – is the number of Board meetings the Director attended

PRINCIPAL ACTIVITIES

The Company's primary role is to act as a service and support centre for Probus and Probus Clubs in the South Pacific region. Under the direction of the Probus South Pacific Limited (PSPL) Board, the Chief Executive Officer is responsible for ensuring the efficient and effective delivery of a wide range of services and benefits including insurance, administration and support to Probus Clubs and Probus Club members in the South Pacific.

In furtherance of its primary role, the Company's principal activities are to:

- Promote the advancement of intellectual and cultural interests among persons who are retired or semi-retired in the community;
- Foster and facilitate friendship, fellowship and fun among Probians;
- Form, or promote the formation of, Probus Clubs either alone or in conjunction with Rotary Clubs (as sponsors) as a community service;
- Encourage Probus Clubs in the advancement of their objectives;
- Manage the affairs of Probus in the South Pacific; and
- Be responsible for determining policy matters relating to Probus within the South Pacific in accordance with the Company's constitution.

Currently these services are provided to accredited Probus Clubs and Probus Associations in Australia and New Zealand.

There have been no significant changes in the nature of these activities during the year.

SHORT AND LONG TERM OBJECTIVES AND STRATEGY

The Company's short and long-term objectives are to promote and implement the Company's vision which is to promote the growth, development and support for the Probus Community in the South Pacific region. The Company will continue to focus on the growth of Probus Club membership, fostering the true spirit of Probus – friendship, fellowship and fun, thus encouraging active retirees.

REVIEW OF OPERATIONS AND FINANCIAL OUTCOMES

The ongoing impact of the COVID-19 pandemic was felt throughout the 2021 financial year. Probus Clubs, members, business partners, staff and the broader community were all affected on various levels. The focus of the Board of Directors and Management of the Company was to support our volunteer Management Committees, to ensure the well-being of our staff, and to protect the Company's financial health.

For the year ended 31 March 2021, the Company's net surplus before income tax benefit was \$32,200 (2020 – loss of \$99,994). Net surplus after income tax benefit for the year was \$51,236 (2020 – loss of \$66,570). Notwithstanding the significant changes to both assets and liabilities, there was only a minimal change to equity - \$2,061,641 (2020 - \$2,010,405). Similarly, the Company's working capital saw a minimal decline - \$425,941 (2020 - \$433,173).

Despite achieving a surplus, the COVID-19 pandemic, officially declared on 11 March 2020, had a fundamental impact on the Company's operations.

Each of our revenue streams - capitation fees, magazine advertising and subscriptions, and travel insurance revenue, were negatively affected by the pandemic. Capitation fees, which are set to cover the range of administration, insurance, member benefits and support services, which the Company provides, were discounted by 20% in response to the restrictions imposed on Clubs.

Due to the loss of advertising revenue and magazine subscription income from the Australian *Active Retirees* magazine, the publication of the printed edition was suspended. Despite the loss in revenue, the publication continued to be provided in digital form.

As expected, travel insurance revenue was also significantly impacted as a result of both the domestic and international border restrictions. The travel insurance program with Chubb Insurance Australia Limited ended on 30 November 2020 and was not renewed. A new provider of travel insurance has since been sourced.

As a result of the overall reduction in revenue, the Company qualified for and received government relief in the form of the Cash Flow Boost and JobKeeper assistance totalling \$423,260.

Since the onset of COVID-19, the Company's focus has been on assisting Clubs to navigate the challenges presented by the pandemic. As well, the Company adopted a revised business model which sadly, resulted in an unavoidable loss of staff. Although Club closures were expected, particularly among those Clubs with a high average age, understandably, the pandemic brought forward some of those closures. A number of Clubs also experienced a reduction in membership during the year however it is encouraging to note that some Clubs have indicated that many of those members have returned or are considering a return. That said, there has unfortunately been an overall reduction in Club membership, the extent of which will not be known until all Club annual returns have been received.

Reflecting the revised business model and reduction in revenue, overall expenditure also decreased considerably. For ease of comparison, some items in the following Statement of profit and loss and other comprehensive income have been reclassified.

During the year, the Company determined that a review of the current Standard Constitution for Probus Clubs (and associated incorporated model constitutions) is necessary in order to assist Club management. This review will include consultation with all accredited Probus Clubs and is expected to commence in late 2021. A provision for the estimated costs associated with this review has been established in the 2021 financial year.

On a positive note, the resilience of our Community has shone through in these very challenging times. During periods of lockdown, Clubs connected with their members in ways they have never done before with meetings and activities conducted via technological means and phone trees. As restrictions began to ease, Clubs across Australia and New Zealand returned to their usual meetings and activities, initially in smaller groups and within their respective COVID-19 guidelines.

The strength of our Community was particularly evident in the launch of our inaugural "Probus Day", on 1 October 2020. The response from the broader community, and within Probus, was overwhelming. COVID-19 has highlighted the importance of social connections, particularly in senior members of society. Although new Club formation activity was curtailed during the year, four new Probus Clubs were formed, two in Queensland and two in South Australia, one of which was established on our inaugural Probus Day.

Despite the challenges presented by the pandemic, Directors and Management are confident that the Company will be able to continue to support our Clubs and members in the pursuit of fun, fellowship and friendship.

PERFORMANCE MEASURES

Directors and Management of the Company measure and monitor its performance through the use of indices and reporting procedures. Particular attention is given to the feedback received from the Probus Community; their ideas and suggestions are evaluated and adopted where considered appropriate.

CORPORATE GOVERNANCE

The Board and Management of PSPL have adopted - and observe - the same high levels of good corporate governance that are expected of all Australian public companies. Following the many measures implemented by the Company in the previous year, a number of the Company's constituent documents were reviewed and amended during the year. These included the Board Charter as well as Charters for the Executive Committee, the Finance, Audit and Risk Committee and the Executive Risk Management Committee. In addition, amendments were made to the PSPL Constitution at last year's Annual General Meeting to change the timetable and procedure for the appointment of Representative Member/Directors and members of the Nominating Selection Committees. This was done in order to encourage nominations for these important roles.

MEMBERS' GUARANTEE

The Company is incorporated under the *Corporations Act 2001*, and is a company limited by guarantee. Only Members of the Company are subject to the Members' guarantee. Its constitution provides that each Member may be liable to contribute an amount not exceeding \$10.00 towards meeting any outstanding obligations of the Company in the unlikely event that the Company is wound up without sufficient assets to pay its debts. At 31 March 2021, the total amount that Members of the Company are liable to contribute if the Company wound up is \$820.00 (2020 - \$880.00).


Accredited Probus Clubs that do not accept the invitation to become Members of the Company are not subject to the Members' guarantee. For the same reason, individual Probians have no liability either.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* appears on page 16 of this report and forms part of the Directors' report.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors:



David Simpson
Chairman
21 July 2021



Bruce Morley
Acting Treasurer
21 July 2021



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of **PROBUS SOUTH PACIFIC LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2021 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**CABEL Partners
Chartered Accountants**

A handwritten signature in black ink, appearing to read "Ray K", with a long horizontal stroke extending to the left.

**Ray Khalil
Managing Partner**

**North Sydney
Dated this 21 July 2021**

Providing certainty

1 James Place, North Sydney NSW 2060
T. +61 (2) 8071 0300 www.cabel.com.au

ABN 16 602 260 757 Liability limited by a scheme approved under Professional Standards Legislation

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 \$	2020 \$
Revenue and other income			
Travel insurance income		52,832	2,609,952
Capitation fees		1,179,004	1,554,005
Advertising revenue		193,748	577,304
Sale of Australian National Publication		-	380,593
Subsidies and sponsorships		2,500	24,000
Royalties and gratuities		7,142	21,364
Interest received		929	4,132
Foreign currency translation (loss) / gains	2(i)	(8,882)	2,503
Operating revenue	2(j)	1,427,273	5,173,853
Other income - Government Assistance	2(l)	423,260	15,540
Revenue and other income		1,850,533	5,189,393
Expenditure			
Employee benefits expenses	2(e),13(a)	824,617	1,013,406
Club support, administration and insurance	2(k)(ii)	379,383	3,039,109
Australian National Publication	2(k)(i)	129,644	504,412
Membership growth, marketing and promotion	2(k)(iii)	121,730	317,167
Depreciation and amortisation expenses	2(d),2(m)	98,646	98,616
Legal and company secretarial services	2(k)(iv)	76,899	83,649
Computer services and support expenses		75,005	91,064
Office suite maintenance		40,422	45,363
Finance costs	12,14	25,537	37,554
Auditors' remuneration			
Audit and review of financial report		17,212	24,084
Taxation compliance services		12,450	3,400
Bad and doubtful debts		8,404	7,150
Storage and rental expense on operating lease	2(n)	1,090	18,600
Other expenses		7,294	5,813
Expenditure		1,818,333	5,289,387
Surplus / (loss) before income tax		32,200	(99,994)
Income tax (benefit) / expense	2(c),3	(19,036)	(33,424)
Surplus / (loss) for the year		51,236	(66,570)
Other comprehensive income for the year		-	-
Total comprehensive surplus / (loss) for the year		51,236	(66,570)

This statement should be read in conjunction with the notes to the financial statements

STATEMENT OF FINANCIAL POSITION

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	4	692,122	1,342,961
Trade and other receivables	5	40,836	221,265
Tax asset	11	5,150	34,883
Deferred tax assets	16	91,805	80,861
Other assets	6	76,713	1,293,114
Total current assets		906,626	2,973,084
Non-current assets			
Office suite	7	1,692,904	1,639,360
Plant and equipment	8	22,036	35,482
Intangible assets	9	130,327	164,781
Total non-current assets		1,845,267	1,839,623
Total assets		2,751,893	4,812,707
Liabilities			
Current liabilities			
Trade and other payables	10	169,944	1,252,424
Travel insurance funding facility	12	-	982,752
Provisions	13	237,136	163,608
Bank variable loan	14	20,165	-
Other liabilities	15	53,440	141,127
Total current liabilities		480,685	2,539,911
Non-current liabilities			
Provisions	13	7,269	31,896
Bank variable loan	14	-	20,105
Deferred tax liabilities	16	202,298	210,390
Total non-current liabilities		209,567	262,391
Total liabilities		690,252	2,802,302
Net assets		2,061,641	2,010,405
Funds			
Accumulated funds		1,474,974	1,423,738
Asset revaluation reserve		586,667	586,667
Total funds		2,061,641	2,010,405

This statement should be read in conjunction with the notes to the financial statements

STATEMENT OF CHANGES IN FUNDS

	Accumulated funds \$	Asset revaluation reserve \$	Total funds \$
Balance at 1 April 2019	1,490,308	586,667	2,076,975
Loss for the year	(66,570)	-	(66,570)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	(66,570)	-	(66,570)
Balance at 31 March 2020	1,423,738	586,667	2,010,405
Balance at 1 April 2020	1,423,738	586,667	2,010,405
Surplus for the year	51,236	-	51,236
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	51,236	-	51,236
Balance at 31 March 2021	1,474,974	586,667	2,061,641

This statement should be read in conjunction with the notes to the financial statements

STATEMENT OF CASH FLOWS

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from Probus clubs, suppliers and others		1,747,340	5,396,468
Interest income		929	4,132
Payments to suppliers, employees and others		(1,400,558)	(4,924,263)
Interest paid		(25,537)	(37,554)
Income tax paid, net of tax refund		29,733	2,178
Net cash provided by operating activities	19	351,907	440,961
Cash flows from investing activities			
Purchase of plant and equipment		(19,701)	(78,150)
Purchase of intangible assets		(353)	(10,500)
Net cash (used in) investing activities		(20,054)	(88,650)
Cash flows from financing activities			
Proceeds from / (repayment of) bank variable loan		60	(104)
Proceeds from travel insurance funding facility		-	982,752
Repayment of travel insurance funding facility		(982,752)	(861,252)
Net cash (used in) / provided by financing activities		(982,692)	121,396
Net (decrease) / increase in cash and cash equivalents		(650,839)	473,707
Cash and cash equivalents at beginning of financial year		1,342,961	869,254
Cash and cash equivalents at end of financial year	2(h), 4	692,122	1,342,961

This statement should be read in conjunction with the notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1) Corporate information

The financial statements for Probus South Pacific Limited (the Company) for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 20 July 2021.

The Company is an individual entity, incorporated and domiciled in Australia. The Company is a company limited by guarantee.

The principal activities of the Company are described in the Directors' report.

2) Summary of accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. The material accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b) Going concern

As anticipated, disruptions resulting from the pandemic on the Company's operations continued throughout the year. Further disruptions are likely to impact the Company for the foreseeable future. Nevertheless, the Directors and Management have prepared the Company's financial statements on a going concern basis. They will continue to review and monitor the operations of the Company in order to adapt to the changing environment, if required. This includes the regular revision and monitoring of the Company's business model, financial performance and liquidity.

As at balance date, the Company's working capital is \$425,941 (2020 - \$433,173).

c) Income tax

Income tax expense/(benefit) for the year comprises current tax expense (income) and deferred tax expense (income). It is recognised in the Statement of profit or loss and other comprehensive income for the financial year.

i. Current tax

Current tax comprises the expected tax payable on the taxable income or loss for the financial year and any adjustment to tax payable in respect to previous financial years.

As the Company meets the definition of a "base rate entity" it is subject to a tax rate of 26.0% (2020 – 27.5%). For the income year 2021-2022, the tax rate will reduce to 25.0%. To reflect the lower tax rate, the relevant deferred tax closing balances as at 31 March 2021 were adjusted. The impact of the change in tax rate was recognised in income tax expense / (benefit) in Statement of profit or loss and other comprehensive income and disclosed in Note 3.

ii. Deferred tax

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be applied.

Deferred tax assets are reviewed by Management at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Notes to the financial statements (continued)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at reporting date.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the Statement of profit or loss and other comprehensive income. Where the changes in deferred tax assets or liabilities relate to the revaluation of the office suite, the related deferred tax or liability will be recognised in other comprehensive income.

d) Plant and equipment and office suite

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in net surplus before income tax expense in the year of disposal.

The carrying amount of the plant and equipment is reviewed annually by Management to ensure it is not more than the recoverable amount from those assets. The recoverable amount is assessed based on the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount and impairment losses are recognised in the Statement of profit or loss and other comprehensive income or as a revaluation decrease if the impairment losses relate to a revalued asset.

The office suite is carried at fair value (see Note 2(d)(i)) at date of revaluation less accumulated depreciation.

i. Revaluation of office suite

Following initial recognition at cost, the office suite will be carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent depreciation on the office suite.

Fair value is determined by reference to a market-based appraisal, which is the amount for which the asset could be exchanged in an arm's length transaction as at the valuation date. Fair values are confirmed by independent valuations which will be obtained on a regular cycle to ensure that the carrying amounts do not differ materially from the assets' fair value at Statement of financial position date.

The office suite is treated as a separate asset class. When the carrying amount of this asset class is increased because of a revaluation, the increase is credited to the asset revaluation reserve, except where it reverses a decrement previously recognised in the Statement of profit or loss and other comprehensive income, in which case it is credited to this Statement.

When the carrying amount of the office suite is decreased as a result of a revaluation, the decrease is recognised in the Statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

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

ii. Depreciation

Depreciation on plant and equipment and office suite is calculated on a straight-line basis over their estimated useful lives to the Company commencing from the time the asset is held ready for use.

The estimated useful life of the office furniture and equipment is 5 years. The estimated remaining useful life of the office suite is 33 years as at the date of revaluation in 2019.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Fixed Rate
Office suite	3.03% - straight-line
Office furniture and equipment	20.00% - straight-line

The assets' residual values and useful lives are reviewed by Management, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to accumulated funds.

e) Employee benefits expenses

i. Short-term employee benefits

Short-term employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render related service, including wages, salaries, annual and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

At reporting date, any liabilities for wages and salaries, including non-monetary benefits are recognised as part of trade and other payables in the Statement of financial position.

The liability for annual leave is recognised in the provision for employee entitlements as a current liability.

ii. Other long-term employee benefits

The Company presents employee benefit obligations as current liabilities in the Statement of financial position if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Provision for long service leave is a non-current liability if it is not expected to be settled within 12 months after the end of the reporting period and is measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in the Statement of profit or loss and other comprehensive income in the periods in which the changes occur.

Notes to the financial statements (continued)**iii. Retirement benefit obligation**

The Company contributes to superannuation plans. Contributions are recognised in the Statement of profit or loss and other comprehensive income when they are paid or payable.

iv. Termination benefits

The Company will recognise a liability and expense for termination benefits when the Company can no longer withdraw the offer of those benefits.

f) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

i. Financial assets

All recognised financial assets are at their amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Discounting is omitted as the effect of discounting is immaterial.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of financial position.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in Statement of profit or loss and other comprehensive income.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

As trade receivables are recognised and measured at amortised cost. Discounting is omitted as the effect of discounting is immaterial.

ii. Financial liabilities

For the purpose of subsequent measurement, financial liabilities include trade creditors and other payables, variable bank loan and premium funding facility for the Probus Travel Insurance Policy. All financial liabilities are non-derivative financial liabilities. These are recognised initially at fair value and subsequently measured at amortised cost. Discounting is omitted as the effect of discounting is immaterial.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. These deposits earn interest at market rates.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of financial position. During the period and as at the reporting date, the Company does not have a bank overdraft.

i) Functional and presentation currency

The financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Company.

i. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the 'spot' exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of profit and loss and other comprehensive income.

ii. Foreign operations

In the Company's financial statements, all assets, liabilities and transactions of the Company with a functional currency other than the AUD are translated into AUD at the spot rate as at that date. Any profit or loss calculated is referred to as a translation profit/loss as appropriate.

This applies to capitation fees paid by Probus clubs in New Zealand.

j) Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for these goods and services. Revenue is recognised by applying a five-step model as follows:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Notes to the financial statements (continued)

Revenue is received from Probus Clubs for the provision of administration and support services and for accessing the Probus National Insurance Programs. Consideration received for those services is initially deferred, included in other liabilities and is recognised when the service is performed.

Revenue arising from the sale of publications and other goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All other revenue and income is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

k) Expenses

Expenses are recognised upon utilisation of the service or at the date of their incurrence.

i. Australian National Publication

This includes the cost of production and distribution of the Australian National Publication, *Active Retirees*.

ii. Club support, administration and insurance

This includes costs associated with the provision of the National Insurance Programs, Probus Travel insurance, production and distribution of the Probus Club Handbook, telephone expenses, Directors' expenses and bank charges. Insurance premiums paid in advance are included in other assets and are recognised as an expense in the period in which the insurance cover is provided. This also includes the establishment of a provision for expenses associated with the Club Constitutional Review.

iii. Membership growth, marketing and promotion

This includes the costs for membership growth including Probus Club formation costs, promoting and marketing Probus, such as brand awareness, members' benefits and public relations.

iv. Legal and company secretarial services

This includes expenses for general counsel and company secretarial services. This also includes costs associated with the protection of intellectual property.

l) Government grant and subsidies

To assist and support companies in managing the impacts of COVID-19, grants and subsidies such as the Government Cash Flow Boost and JobKeeper payments were available upon meeting certain conditions.

During the financial year, the Company received the Cash Flow Boost and JobKeeper payments. Government grants and subsidies are disclosed in the Statement of profit & loss and other comprehensive income.

m) Intangible assets**i. Trademarks & administration software**

The Company has registered trademarks in Australia and New Zealand. The trademarks are capitalised based on the costs incurred to register the trademarks.

The costs associated with development of the administration software have been capitalised as it will deliver future economic benefits and these benefits can be measured reliably.

ii. Subsequent measurement and amortisation

Trademarks and administration software are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over the estimated useful life. The useful life applied to trademarks is 10 years and to administration software is 7 years. Amortisation has been included within depreciation and amortisation expenses.

The amortisation rates used for each class of depreciable asset are:

Class of Intangible asset	Amortisation Fixed Rate
Trademarks	10.00% - straight line
Administration software	14.30% - straight line

Subsequent expenditure on registered intangible assets is expensed as incurred.

The amortisation method and useful life are reviewed by Management at each reporting date.

n) Operating lease

For the 31 March 2021 and 31 March 2020 financial year, the Company has no leases to disclose for the upcoming financial year.

o) Goods and Services Tax (GST)

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

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

p) Comparative figures

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

The Directors and Management of the Company will review annually, and if appropriate, amend the presentation of the financial statements or reclassify items in the financial statements to ensure the Company continues to comply with its reporting obligations.

q) Critical accounting estimates and assumptions

Directors and Management of the Company evaluate estimates and judgments incorporated in financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events that may impact the financial position of the Company and are based on current trends and economic data, obtained both externally and within the Company.

r) Trade creditors and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid at year end. These amounts are unsecured and are usually paid within 30 days of recognition.

s) Geographical information

The Company operates in Australia and New Zealand. The Company provides insurance, administration and support services from Australia.

t) Adoption of new and revised accounting standards

The Australian Accounting Standards Board (AASB) has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has determined to adopt the new standards, if applicable, when they become mandatory.

Notes to the financial statements (continued)**3) Income tax expense/(benefit)**

The major components of tax expense and the reconciliation of the expected tax expense/(benefit) based on the domestic effective tax rate at 26.0% (2020 – 27.5%) and the reported tax expense/(benefit) in profit or loss are as follows:

	2021 \$	2020 \$
Surplus/(loss) before income tax expense / (benefit)	32,200	(99,994)
Domestic tax rate	26.0%	27.5%
Prima facie tax expense/(benefit)	8,372	(27,498)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
DTA adjustment	(7,982)	-
Overprovision prior year	4,040	-
Non-deductible expenses	7,045	6,945
Allowable deductions	(91)	(1,124)
Non-taxable income	(26,000)	(4,274)
Adjustment to DTA/DTL for future change in tax rate 26.0% to 25.0% (2020 - 27.5% to 26.0%)	(4,420)	(7,473)
Income tax expense / (benefit)	(19,036)	(33,424)

Notes 2(c) and 16 provides information on deferred tax assets and liabilities.

The Statement of changes in funds provides information on deferred income recognised directly in the Asset revaluation reserve in other comprehensive income.

	2021 \$	2020 \$
4) Cash and cash equivalents		
Cash on hand	500	500
Cash at bank - Australia	490,463	1,203,171
Cash at bank - New Zealand	201,159	139,290
	692,122	1,342,961
5) Trade and other receivables		
Trade receivables	6,980	119,125
Less provision for doubtful debts	-	(6,600)
	6,980	112,525
Other receivables	33,856	108,740
	40,836	221,265
6) Other assets		
Prepayments – assets	-	85,682
Prepayments – expenses	76,713	1,207,432
	76,713	1,293,114

The replacement of the air conditioning system was completed during the financial year. This replacement was undertaken by the Strata Manager of the building in which the Company owns an office suite. The Company's portion of the total cost to replace the air conditioning system was \$105,000. During the year, the Company made regular instalments for this replacement until fully paid. All instalment amounts were treated as a prepayment. Upon completion of the air conditioning replacement, the total amount of the prepayment account was transferred to office suite asset account. During the financial year, the Company incurred a cost of \$19,318 (2020 - \$68,148).

The reduction in prepaid expenses is primarily due to the impact of the COVID-19 pandemic with both domestic and international travel effectively ending in March 2020. This note should be read in conjunction with Notes 10 and 12.

	Notes	2021 \$	2020 \$
7) Office suite			
Independent valuation			
As at 1 April		1,695,000	1,695,000
Transferred from prepayment account		105,000	-
Other movements	2d(i)	-	-
As at 31 March		1,800,000	1,695,000
Accumulated depreciation			
As at 1 April		(55,640)	(4,280)
Depreciation for the year		(51,456)	(51,360)
Other movements	2d(i)	-	-
As at 31 March		(107,096)	(55,640)
Net carrying amount as at 31 March		1,692,904	1,639,360

During the 2019 financial year, the partial ground floor suite within a strata building held by the Company was revalued by an independent and accredited Real Estate Valuer & Consultant. The Directors have determined that the fair value of the office suite is to remain as per the independent valuation at \$1,800,000 (2020 - \$1,695,000), inclusive of the replacement of the building air conditioning system as described in Note 6.

If the cost model had been used, rather than the revalued amount, the carrying amount of the office suite less accumulated depreciation as at balance date would have been \$874,645 (2020 - \$902,783).

	2021 \$	2020 \$
8) Plant and equipment		
Cost value		
As at 1 April	61,689	87,423
Additions	383	10,002
Disposal of assets	(8,600)	(35,736)
As at 31 March	53,472	61,689

Notes to the financial statements (continued)

	2021 \$	2020 \$
Accumulated depreciation		
As at 1 April	(26,207)	(47,577)
Depreciation for the year	(12,383)	(13,087)
Disposal of assets	7,154	34,457
As at 31 March	(31,436)	(26,207)
Net carrying amount as at 31 March	22,036	35,482
9) Intangible assets		
Trademarks		
Cost value		
As at 1 April	245,387	234,887
Additions	353	10,500
As at 31 March	245,740	245,387
Accumulated amortisation		
As at 1 April	(118,163)	(94,237)
Amortisation for the year	(24,564)	(23,926)
As at 31 March	(142,727)	(118,163)
Net carrying amount as at 31 March	103,013	127,224
Administration software		
Cost value		
As at 1 April	71,700	71,700
As at 31 March	71,700	71,700
Accumulated amortisation		
As at 1 April	(34,143)	(23,900)
Amortisation for the year	(10,243)	(10,243)
As at 31 March	(44,386)	(34,143)
Net carrying amount as at 31 March	27,314	37,557
Net carrying amount as at 31 March	130,327	164,781
10) Trade and other payables		
Sundry creditors	139,944	1,222,424
Money Cover Insurance Fund	30,000	30,000
	169,944	1,252,424

During the financial year, the Company was a policyholder of an adjustable travel insurance policy (the Policy) issued by Chubb Insurance Australia Ltd (the insurer). A deposit payable by the Company for this Policy was funded through a short-term secured funding facility. During the financial year, the deposit paid in advance was adjusted based on the access fees collected. The Policy, which ended on 30 November 2020, was not renewed. The reduction in sundry creditors is primarily due to the impact of the COVID-19 pandemic with both domestic and international travel effectively ending in March 2020.

This note should be read in conjunction with Notes 6 and 12.

	Notes	2021 \$	2020 \$
11) Tax asset/ liability			
Income tax instalment paid post year end	3	-	9,062
Company tax paid in advance		(5,150)	(43,945)
	2(c)	(5,150)	(34,883)
12) Travel insurance funding facility			
Travel insurance funding facility		-	982,752

As disclosed in Notes 6 and 10, the Probus Travel Insurance policy which ended on 30 November 2020 was not renewed.

During the Policy period, the Company had in place a short-term secured funding facility to fund the payment to the Insurer for the deposit payable under the Policy, as described in Note 10. The facility was secured by the assignment of all monies paid and payable under the Policy. As a result of the COVID-19 pandemic, the facility was restructured and finalised on 2 October 2020. The effective interest rate of the facility was 8.74% p.a with the associated interest expense calculated on a reducing balance basis subject to the terms and conditions of the facility agreement.

During the financial year, the Company made principal and interest repayments for the facility of \$982,752 (2020 - \$1,352,728).

The finance costs disclosed in the Statement of profit or loss and other comprehensive income includes interest paid for the facility as well as interest paid on the bank variable loan outlined in Note 14. The facility was for a period from 1 December to 30 November each year.

	2021 \$	2020 \$
13) Employee benefits expenses and Provisions		
a. Employee benefits expenses		
Wages and salaries	760,445	930,849
Superannuation	64,172	82,557
	824,617	1,013,406
b. Provisions		
i. Current		
Provision for employees' annual leave	60,792	74,985
Provision for employees' long service leave	62,644	57,923
Provision for Constitutional review expenses	83,000	-
Provision for travel insurance service fee refunds	30,700	30,700
	237,136	163,608
ii. Non-current		
Provision for employees' long service leave	7,269	31,896

Notes to the financial statements (continued)

Analysis of provisions	Employees annual leave	Employees long service leave	Other
	\$	\$	\$
Balance as at 1 April 2020	74,985	89,819	30,700
Increase in provisions in the period	51,422	6,293	83,000
Amounts paid	(65,615)	(26,199)	-
Balance as at 31 March 2021	60,792	69,913	113,700

During the year the Company determined that a review of the current Standard Constitution for Probus Clubs (and associated incorporated model constitutions) is necessary in order to assist Club management. This review will include consultation with all accredited Probus Clubs and is expected to commence in late 2021. A provision for the estimated costs associated with this review has been established in the 2021 financial year.

	2021 \$	2020 \$
14) Bank variable loan		
Current liability	20,165	-
Non-current liability	-	20,105

The Company has a variable business loan with a financial institution.

The loan is secured by a first registered real property mortgage over the Company's office suite. Interest is charged at the financial institution's variable business loan rate with a term of 5 years, maturing on 12 December 2021.

The finance costs disclosed in the Statement of profit or loss and other comprehensive income includes interest paid for the loan, as well as interest paid on the Probus Travel Insurance funding facility as outlined in Note 12.

	2021 \$	2020 \$
15) Other liabilities		
Deferred income	53,440	141,127

As at the reporting date, all income received for services to be provided by the Company for the financial year ending 31 March 2022 is deferred and is recognised in that financial year. This includes capitation fees received in advance.

16) Deferred tax assets and liabilities

Deferred taxes arising from differences and unused tax losses can be summarised as follows:

Deferred tax assets / (liabilities)	1 April 2020 \$	Adjustment for changes in income tax rate \$	Recognised in profit or loss \$	31 March 2021 \$
Non-current assets				
Office suite	(210,390)	8,092	-	(202,298)
Non-current liabilities				
Provisions for employee entitlements	8,293	(73)	(6,403)	1,817
Current liabilities				
Provisions and employee entitlements	41,653	(2,490)	23,078	62,241
Audit fees	4,004	(180)	675	4,499
Other	26,911	(930)	(2,733)	23,248
	80,861	(3,673)	14,617	91,805
	(129,529)	4,419	14,617	(110,493)
Deferred tax assets / (liabilities)	1 April 2019 \$	Adjustment for changes in income tax rate \$	Recognised in profit or loss \$	31 March 2020 \$
Non-current assets				
Office suite	(222,528)	12,138	-	(210,390)
Non-current liabilities				
Provisions for employee entitlements	2,378	(478)	6,393	8,293
Current liabilities				
Provisions and employee entitlements	41,090	(2,403)	2,966	41,653
Audit fees	4,549	(231)	(314)	4,004
Other	11,558	(1,552)	16,905	26,911
	59,575	(4,664)	25,950	80,861
	(162,953)	7,474	25,950	(129,529)

17) Financial instruments**Financial risk management – objectives and policies**

The Company's principal financial instruments are cash, term deposits, travel insurance funding facility and a bank variable loan. The main purpose for these financial instruments is to provide benefits and services to Probus Clubs and Probus Club members.

The Company has other financial instruments, such as trade debtors and creditors, which arise from its activities.

The Company manages the risks by ongoing identification and monitoring through an Executive Risk Management Committee. The Company's activities expose it to a variety of financial risks: market risk, credit risk, interest rate risk and liquidity risk. All financial assets and liabilities are carried at the amounts that approximate fair values.

Notes to the financial statements (continued)**a. Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to discharge its obligation. The Company is exposed to the following credit risk:

- amounts receivable in respect to capitation and subscription fees from Probus Clubs; and
- advertising fees from customers advertising in the Company's publication; and
- counterparty risk in respect of funds deposited with several financial institutions.

The Company does not have any significant concentrations of credit risk. The Company has processes in place to ensure that sales of products and services are made to customers subject to appropriate credit histories and contractual agreements, which include payment terms. Any amounts not received by the payment date are followed up in accordance with Company's credit management policy. There are no significant financial assets that are impaired.

The Company's funds are held at call across several bank accounts. The establishment of all accounts or investments require the approval of the PSPL Board. The current maximum exposure at reporting date is equal to the fair value of the financial instruments disclosed on the Statement of financial position.

c. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company is exposed to interest rate fluctuations on its cash, term deposits and bank variable loan. The Company monitors interest rates for cash and term deposits to maximise interest income. The Company monitors the interest rates on the bank variable loan to minimise interest expense.

d. Liquidity risk

Liquidity risk is the risk that the Company will not be able to discharge its financial liabilities as they fall due.

The Company manages liquidity risk by monitoring forecast cash flows and maintaining sufficient cash and cash equivalents to meet normal operating activities.

The Company's exposure to financial liabilities is a variable business loan maturing 12 December 2021. Management reviews its requirement for the loan every month and if the Company has excess liquidity it will repay part or the entire loan prior to maturity. Alternatively, the Company may drawdown on the loan should funding be required to meet the Company's operating activities.

Trade and other payables are typically settled within 30 days.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the Statement of financial position.

	2021 \$	2020 \$
<i>Financial liability and financial asset maturity analysis – within 1 year</i>		
Financial liabilities due for payment		
Travel insurance funding facility	-	982,752
Trade and other payables	169,944	1,252,424
Total contractual outflows	169,944	2,235,176
Total expected outflows	169,944	2,235,176
Financial assets - cash flows realisable		
Cash and cash equivalents	692,122	1,342,961
Trade and other receivables	40,836	221,265
Tax asset	5,150	34,833
Total anticipated inflows	738,108	1,599,059
Net inflow / (outflow) on financial instruments	568,164	(636,117)
<i>Financial liability and financial asset maturity analysis – within 12 months</i>		
Financial liabilities due for payment		
Bank variable loan	20,165	-
Total contractual outflows	20,165	-
Total expected outflows	20,165	-
<i>Financial liability and financial asset maturity analysis – within 1 to 5 years</i>		
Financial liabilities due for payment		
Bank variable loan	-	20,105
Total contractual outflows	-	20,105
Total expected outflows	-	20,105
Net outflow on financial instruments	20,165	20,105

Fair values

Fair value estimation – the fair values of financial assets and financial liabilities are as per carrying amounts as presented in the Statement of financial position. Fair value is an amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

18) Fair value measurement

When financial assets and financial liabilities are measured at fair value in the Statement of financial position, they are grouped into three Levels of a fair value hierarchy. The Levels are defined based on the observability of significant inputs to the measurement as follows

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

Notes to the financial statements (continued)

The following table shows the carrying amount of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

Financial assets measured at fair value - 31 March 2021

As at end of the financial year, the Company does not hold any financial assets that are required to be measured at fair value.

Financial assets not measured at fair value (see note A)

	Notes	Loans and receivables \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash and cash equivalents	4	692,122	-	-	-	-
Trade and other receivables	5	40,836	-	-	-	-
Tax asset	11	5,150	-	-	-	-
		738,108	-	-	-	-

Financial liabilities measured at fair value – 31 March 2021

		Borrowings \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Travel Insurance funding facility	12	-	-	-	-	-
Bank variable loan	14	20,165	-	-	-	-
		20,165	-	-	-	-

Financial liabilities not measured at fair value - 31 March 2021 (see note A)

		Creditors and other liabilities \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Trade and other payables	10	169,944	-	-	-	-
Tax liability	11	-	-	-	-	-
		169,944	-	-	-	-

Non-financial instruments fair value measurement – 31 March 2021

			Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Office suite	7	-	-	1,692,904	-	1,692,904

Financial assets measured at fair value - 31 March 2020

As at end of the financial year, the Company does not hold any financial assets that are required to be measured at fair value.

Financial assets not measured at fair value (see note A)

	Notes	Loans and receivables	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$
Cash and cash equivalents	4	1,342,961	-	-	-	-
Trade and other receivables	5	221,265	-	-	-	-
Tax asset	11	34,883	-	-	-	-
		1,599,109	-	-	-	-

Financial liabilities measured at fair value – 31 March 2020

		Borrowings	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$
Travel Insurance funding facility	12	982,752	-	-	-	-
Bank variable loan	14	20,105	-	-	-	-
		1,002,857	-	-	-	-

Financial liabilities not measured at fair value - 31 March 2020 (see note A)

		Creditors and other liabilities	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$
Trade and other payables	10	1,252,424	-	-	-	-
		1,252,424	-	-	-	-

Note A – The Company does not include fair value information for financial assets and financial liabilities such as short-term trade debtors and payables because their carrying amounts are a reasonable approximation of fair value.

Non-financial instruments fair value measurement – 31 March 2020

		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Office suite	7	-	1,639,360	-	1,639,360

Notes to the financial statements (continued)

	2021 \$	2020 \$
19) Cash flow information		
Reconciliation of cash flows from operating activities with surplus / (loss) after income tax		
Surplus/(loss) after income tax	51,236	(66,570)
Non-cash flows in surplus:		
- depreciation and amortisation	98,646	98,616
- loss on disposal of plant and equipment	1,446	1,280
Changes in assets and liabilities:		
- Decrease / (increase) in trade and other receivables	180,429	(37,153)
- Decrease / (increase) in prepayments	1,130,719	(163,848)
- (Decrease) / increase in trade and other payables	(1,082,480)	587,616
- (Decrease) in other liabilities	(87,687)	(4,902)
- Decrease in tax asset	29,733	2,178
- Increase in provisions	48,901	57,168
- (Decrease) in deferred tax assets / liabilities	(19,036)	(33,424)
Net cash provided by operating activities	351,907	440,961

20) Related parties and related party transactions

During the previous financial year, the Company completed a short-term contract with a past Director of the Company for the purpose of providing social media consulting services. The contract was based on normal commercial terms and conditions. Amount paid to 31 March 2021 was \$Nil (2020 - \$42,750).

Apart from the details disclosed in this note, no other Director has entered into a contract with the Company since the end of the previous financial year and there were no other contracts involving Directors existing at year end.

Directors' compensation

In accordance with the Company's Constitution, the Directors are entitled to be reimbursed for travel and other associated expenses incurred in attending Directors' meetings and other meetings in connection with the Company's business. During the year, travel and other expenses totalling \$4,896 (2020 - \$82,761) were incurred by the Directors in fulfilling their role.

As a result of the COVID-19 pandemic these expenses have been significantly reduced as Directors met by technological means wherever possible.

Remuneration paid to the Directors during the year was \$Nil (2020 - \$Nil).

Key management personnel compensation

The positions held and recently held within the Company having authority and responsibility for planning, directing and controlling the Company's activities, directly or indirectly (not including Directors), are

Chief Executive Officer
Accounts Manager
Business Manager, Administration & Statutory Reporting
Community Engagement Manager

The compensation paid, payable or provided to key management personnel noted as above is as follows:

	2021	2020
	\$	\$
Short-term employee benefits	471,900	511,660
Other short-term non-employee benefits	-	-
Post-employment benefits	37,806	42,163
Long-term employee benefits	84,602	71,874
Termination benefits	28,000	-
	622,308	625,697

The compensation for the current year includes costs associated with the Company's restructure.

21) Contingent liabilities

There are no known contingent liabilities in relation to the 31 March 2021 or 31 March 2020 financial years.

22) Events after the reporting period

At the date of this report, there are no other matters or circumstances which have arisen since 31 March 2021 which have significantly affected or may significantly affect:

- (i) The operations of the Company; or
- (ii) The results of those operations; or
- (iii) The state of affairs of the Company;

In future financial years following 31 March 2021.

Directors' declaration

The Directors declare that in their opinion the attached financial statements and notes thereto:

- a) Comply with Australian accounting standards;
- b) Give a true and fair view of the financial position and performance of the Company;
- c) Are in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*; and
- d) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

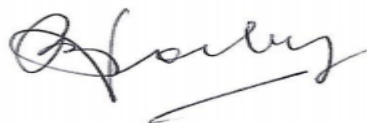
On behalf of the Directors



David Simpson

Chairman

21 July 2021



Bruce Morley

Acting Treasurer

21 July 2021



**PROBUS SOUTH PACIFIC LIMITED
ABN 38 726 423 979
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PROBUS SOUTH PACIFIC LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of **Probus South Pacific Limited** (the company), which comprises the statement of financial position as at 31 March 2021, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of **Probus South Pacific Limited** has been prepared in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 March 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standard, and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of **Probus South Pacific Limited**, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Providing certainty

1 James Place, North Sydney NSW 2060
T. +61 (2) 8071 0300 www.cabel.com.au

ABN 16 602 260 757 Liability limited by a scheme approved under Professional Standards Legislation



Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 March 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 the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
-



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit. We also provide an optional Good Practice Report, which the company has opted for. This report makes recommendations on matters which do not satisfy the definition of significant findings, but is intended to add value to the operations. There were no significant findings or deficiencies to report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CABEL Partners
Chartered Accountants

A handwritten signature in black ink, appearing to read "Ray K", with a long horizontal line extending from the end of the signature.

Ray Khalil
Managing Partner

North Sydney
Dated this 21 July 2021

ALUMNI

Board of Directors 2011-2012

Ken Brand (Chair), Jean Burford (Immediate Past Chair), Margaret Robinson (Vice Chair), Gary Blackler (Treasurer), Geoff McLennan OAM, Anne Ducray, Veronica Semmler, David Allen, Murray Jensen MNZM, Don Wylie, Bill Lake

Board of Directors 2012-2013

Margaret Robinson (Chair), Ken Brand (Immediate Past Chair), Gary Blackler (Vice Chair), Veronica Semmler (Treasurer), David Allen, Peter Carroll, Murray Jensen MNZM, William Lake, John Lewis, Don Wylie

Board of Directors 2013-2014

Gary Blackler (Chair), Margaret Robinson (Immediate Past Chair), Peter Carroll (Vice Chair), Douglas Geekie (Treasurer), Robert B Cameron OAM, Roger Goldstone, Murray Jensen MNZM, Ian Scott, Veronica Semmler, Gary Williams

Board of Directors 2014-2015

Peter Carroll (Chair), Gary Blackler (Immediate Past Chair), Douglas Geekie (Vice Chair), Robert B Cameron OAM (Treasurer), Roger Goldstone, Jennie Herring, Murray Jensen MNZM, Trevor Lowes, Winston Marsh, Eric Penfold, Margaret Robinson, Ian Scott, Veronica Semmler

Board of Directors 2015 - 2016

Douglas Geekie (Chair), Peter Carroll (Immediate Past Chair), Robert B Cameron OAM (Vice Chair), Robert Renshaw (Treasurer), Margaret Drake, Peter Garnett MBE, Roger Goldstone, Murray Jensen MNZM, Phillip Marley, Winston Marsh, Eric Penfold, Margaret Robinson, Eean Thorne OAM, Peter Turner, Craig Winter

Board of Directors 2016 - 2017

Douglas Geekie (Chair), Peter Carroll (Immediate Past Chair), John Carson (Vice Chair), Philip Booth (Treasurer), Anthony Blaber, Bernie Bott, Margaret Drake, Phillip Marley, Winston Marsh, Eric Penfold, Robert Renshaw, David Simpson, Peter Turner, Craig Winter

Board of Directors 2017 - 2018

Douglas Geekie (Chair), Margaret Drake (Vice Chair), Philip Booth (Treasurer), Anthony Blaber, John Carson, Nicholas Ledingham, Phillip Marley, Ian Murray, Robert Renshaw, David Simpson, Peter Turner, Craig Winter

Board of Directors 2018 - 2019

Douglas Geekie (Chair), Margaret Drake (Vice Chair), Philip Booth (Treasurer), Anthony Blaber, Nicholas Ledingham, Bruce Morley, Ian Murray, David Simpson, Peter Turner, Craig Winter

Board of Directors 2019 - 2020

Margaret Drake (Chair), Douglas Geekie (Immediate Past Chair), David Simpson (Vice Chair), Douglas Newman (Treasurer), Anthony Blaber, Adriaan Geerlofs, Nicholas Ledingham, Judith Maestracci AM, Bruce Morley, Ian Murray, Peter Turner



Perth House, Ground level
Suite 1, 85 George Street, Parramatta
NSW 2150 Australia

PO Box 1294 Parramatta NSW 2124 Australia

Australia: 1300 630 488 or +61 2 9689 0200
New Zealand: 0800 1477 6287
Email: admin@probussouthpacific.org
Web: www.probussouthpacific.org

COPYRIGHT 2021