

## DIVERSA GROUP SALARY CONTINUANCE POOL

ARSN 149 439 681

### FINANCIAL STATEMENTS AND AUDITOR'S REPORTS FOR THE PERIOD ENDED 30 JUNE 2018

<b>CONTENTS</b>	<b>Page</b>
Directors' report	1
Auditor's independence declaration to the directors of Diversa Superannuation Services Limited, as Responsible Entity for Diversa Group Salary Continuance Pool	3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in net assets attributable to members	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	19
Independent auditor's report to the members of Diversa Group Salary Continuance Pool	20

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Directors' report**

**For the year ended 30 June 2018**

The directors of Diversa Superannuation Services Limited (ABN 77 107 165 962), the Responsible Entity of Diversa Group Salary Continuance Pool (the "Scheme") submit their report for the Scheme for the year ended 30 June 2018.

**Directors**

The names of the directors of the Responsible Entity in office during the financial year and until the date of this report are:

Mr Nigel Cameron Stokes (appointed 06/10/2016)  
Mr Steven Fuller (appointed 06/10/2016)  
Mr Garry Ronald Wayling (appointed 21/03/2017)

The directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

**Principal activities**

The principal activity of the Scheme during the year was to pool member's premiums in order to gain access to salary continuance insurance at a reduced cost.

**Scheme information**

Diversa Group Salary Continuance Pool is an Australian registered scheme, and was constituted on 25 February 2011. Diversa Superannuation Services Limited, the Responsible Entity of the Scheme, is incorporated and domiciled in Australia.

The registered office and principal place of business of the Responsible Entity is located at Level 5, 10-14 Spring Street SYDNEY NSW 2000.

**Review of results and operations**

**Results and distributions**

Net profit attributable to members for the year ended 30 June 2018 was nil.

**Fees paid to and interests held by the responsible entities and associates**

The following fees were paid to the Responsible Entity and its associates out of Scheme property during the financial year. Management fees for the financial year paid to the Responsible Entity \$31,754

Expenses incurred by the Responsible Entity on behalf of the Scheme \$11,406.

The Responsible Entity has chosen not to be reimbursed for these expenses by the Scheme.

The interests in the Scheme held by the Responsible Entity and its associates at the end of the year are disclosed in Note 9 to the financial statements.

**Scheme assets**

At 30 June 2018 the Scheme held assets to a total value of \$13,553. The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

**Significant changes in the statement of affairs**

35 new accounts were opened during the year relating to staff employed by the KPMG Superannuation Member Administration business which was acquired by the OneVue group during the year.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

Other than that detailed above, there were no significant changes to the state of affairs of the Scheme during the year.

**Significant events after the balance date**

The control and management of this entity has changed to Peter Mueller or an associated entity of Mr Mueller.

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Scheme's operations in future financial years, the results of those operations or the Scheme's state of affairs in future financial years.

**Likely developments and expected results**

The Scheme will be maintained in accordance with the Scheme Constitution and continue to be maintained in order to attract new members.

**Environment regulation and performance**

The operations of the Scheme are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

**Auditor's independence declaration**

An independence declaration has been provided to the directors by the auditor of Diversa Group Salary Continuance Pool, Hunt & Company Accountants, Tax Advisors & Auditors, and is attached to the directors' report.

Signed in accordance with a resolution of the directors.



**Nigel Cameron Stokes**  
**Director**

Dated this 27<sup>th</sup> day of September 2018

**Auditor's independence declaration to the Directors of Diversa Superannuation Services Limited, as Responsible Entity for Diversa Group Salary Continuance Pool**

In relation to our audit of the financial report of Diversa Group Salary Continuance Pool for the year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



**Phillip S. Hunt**  
**Hunt & Company – Accountants, Tax Advisors and Auditors**  
**Director**  
Company Auditor No. 309298

Dated this 26th day of September 2018

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Statement of Financial Position**  
**As at 30 June 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash at bank	3	13,553	5,634
Premiums receivable	4	-	30,517
<b>TOTAL CURRENT ASSETS</b>		<b>13,533</b>	<b>36,151</b>
<b>TOTAL ASSETS</b>		<b>13,533</b>	<b>36,151</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Administration fees payable		1,908	10,358
Insurance fees payable		5,723	19,700
Claims payable		-	-
Advisor fee payable		-	459
PAYG payable		5,538	5,370
Trade creditor		385	264
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,553</b>	<b>36,151</b>
<b>TOTAL LIABILITIES</b>		<b>13,553</b>	<b>36,151</b>
<b>NET ASSETS</b>		<b>-</b>	<b>-</b>

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Statement of Comprehensive Income**  
**For the Year Ended 30 June 2018**

	Note	2018 \$	2017 \$
<b>INCOME</b>			
Premiums received		122,616	129,830
Interest received	5	141	117
Claims received		126,433	95,089
GST received		-	-
Other income		-	-
<b>TOTAL INCOME</b>		<u>249,190</u>	<u>225,035</u>
<b>EXPENSES</b>			
Bank fees		141	117
Premiums paid to insurer		90,862	97,810
Claims paid to members		92,959	73,473
DGLP premiums		-	-
Advisor payment		-	108
Administration fees		31,754	31,911
GST paid		-	-
PAYG Paid		33,474	21,616
<b>TOTAL EXPENSES</b>		<u>249,190</u>	<u>225,035</u>
<b>Benefits accrued/(reduced) as a result of operations before income tax</b>		-	-
Less: Income tax expense/(benefit)		-	-
<b>Benefits accrued/(reduced) as a result of operations before income tax</b>		<u>-</u>	<u>-</u>

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Statement of Changes in Net Assets Attributable to Members**  
**For the Year Ended 30 June 2018**

	Application for membership	Net assets attributed to members
Balance at 01 July 2017	-	-
Issue of memberships	-	-
Redemption of membership	-	-
	-	-
Decrease in net assets attributed to members from transactions to membership	-	-
Change in net assets attributed to members	-	-
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>-</b>

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Statement of Cash Flows**  
**For the Year ended 30 June 2018**

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Premiums received		153,133	140,122
Premiums paid		(104,839)	(105,332)
Claim payments paid		(92,959)	(73,473)
Claim payments received		126,433	95,089
DGLP payment		-	-
Admin fees		(40,663)	(34,790)
GST paid		-	-
GST received		-	-
PAYG paid		(33,306)	(21,670)
Bank interest		141	117
Bank fees		(20)	(100)
Float Deposit		-	-
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>7</b>	<b>7,920</b>	<b>(37)</b>
<b>NET INCREASE IN CASH HELD</b>			
Cash and cash equivalents at beginning of period		5,634	5,671
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>13,553</b>	<b>5,634</b>



**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**1. Corporate information**

The registered office of the Responsible Entity is located at Level 5, 10-14 Spring Street SYDNEY NSW 2000.

The objective of the Scheme is to pool member's premiums in order to gain access to Salary Continuance Insurance at a reduced cost.

The financial statements of Diversa Group Salary Continuance Pool for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the board of directors on 21 September 2018.

**2. Accounting Policies**

**2.1 Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to members. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

**Statement of Compliance**

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

**New accounting standards and interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Scheme for the reporting period ended 30 June 2018. The impact of these standards and interpretations has been assessed and to the extent applicable to the Scheme are discussed below. Standards and Interpretations that are not expected to have a material impact on the Scheme have not been included.

**2.2 Significant accounting judgments and estimates**

The preparation of the Scheme's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**Fair value of financial instruments**

Where applicable, when the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Functional Currency**

The primary objective of the Scheme is to generate returns in Australian dollars, its funding currency. The liquidity of the Scheme is managed on a day-to-day basis in Australian dollars in order to meet the operations of the Scheme. The Scheme's performance is evaluated in Australian dollars. Therefore, management considers the Australian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**2.3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**(A) Financial Instruments**

**(i) Classification**

The Scheme classifies its financial assets and financial liabilities into the categories below in accordance with AASB 139.

**Financial assets and liabilities at fair value through profit or loss**

The category of financial assets and liabilities at fair value through the profit or loss is sub-divided, where applicable, into:

*Financial assets and liabilities held for trading:*

Financial assets held for trading include equity securities, investments in managed funds and debt instruments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Scheme do not meet the hedge accounting criteria as defined by AASB 139. Consequently hedge accounting is not applied by the Scheme.

*Financial instruments designated as at fair value through profit or loss upon initial recognition:*

These include equity securities and debt instruments that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Scheme as set out in the Scheme's offering document. The financial information about these financial assets is provided internally on that basis to the investment manager and to the board of directors or delegated authority.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Scheme includes in this category short term receivables.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**Other financial liabilities**

This category includes all financial liabilities, other than those classified as at fair value through profit or loss. The Scheme includes in this category short term payables.

**(ii) Recognition**

The Scheme recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Scheme commits to purchase or sell the asset.

**(iii) Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. the rights to receive cash flows from the asset have expired; or
- ii. the Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and
- iii. either (a) the Scheme has transferred substantially all the risks and rewards of the asset, or (b) the Scheme has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Scheme derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

**(iv) Initial measurement**

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

**(v) Subsequent measurement**

After initial measurement, the Scheme measures financial instruments which are classified as at fair value through profit or loss at fair value (see Note 2.3(B) below). Subsequent changes in the fair value of those financial instruments are recorded in 'change in fair value of financial assets and liabilities at fair value through profit or loss'. Interest earned is recorded in 'Interest revenue' according to the terms of the contract. Dividend revenue is recorded in 'dividend revenue'.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Scheme estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**(B) Determination of Fair Value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

**(C) Impairment of Financial Assets**

The Scheme assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'impairment expense'.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Scheme. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced. If a previous write-off is later recovered, the recovery is credited to the 'impairment expense'.

Interest revenue on an impaired financial asset is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**(D) Offsetting Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**(E) Functional and Presentation Currency**

The Scheme's functional and presentation currency is the Australian dollar, which is the currency of the primary economic environment in which it operates. The Scheme's performance is evaluated and its liquidity is managed in Australian dollars. Therefore, the Australian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**(F) Foreign Currency Translations**

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at each period end.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in the Statement of Comprehensive Income as part of the 'changes in net fair value of financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in the statement of comprehensive income as 'net foreign exchange gains (losses)'.

**(G) Change in Fair Value of Financial Assets and Liabilities**

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'held at fair value through profit or loss' and excludes interest and dividend income and expenses. Amounts are calculated as the difference between the fair value at sale or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

**(H) Fees, Commissions and Other Expenses**

Except where included in the effective interest calculation (for financial instruments carried at amortised cost), fees and commissions are recognised on an accrual basis. Legal and audit fees are disclosed in the Directors Report as expenses incurred by the Responsible Entity on behalf of the Scheme, which amounted to \$11,406, and are recorded on an accrual basis.

**(I) Income Taxes**

Under current Australian legislation, the Scheme is not subject to income tax provided the members are presently entitled to the income of the Scheme and the Scheme fully distributes its net taxable income.

**(J) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and cash deposits in banks which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(K) Capital Management**

The Responsible Entity manages the net surplus attributable to members as capital, notwithstanding net assets attributable to members is classified as a liability.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**L) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

	30th June 2018	30 <sup>th</sup> June 2017
	\$	\$
<b>3. Cash and cash equivalents</b>		
Cash at bank	13,553	5,634
<b>4. Premiums receivable</b>		
Due from members	-	30,517
<b>5. Interest revenue</b>		
Cash and cash equivalents	141	117
<b>6. Auditor's remuneration</b>		
No Auditor remuneration was paid out of Scheme property during the financial year. Auditor's fees were paid by the Responsible Entity on behalf of the Scheme.		
<b>Amounts received or due and receivable by Hunt &amp; Company Accountants for:</b>		
Audit and review of the financial report of the Scheme	12,046	11,732

**7. Statement of cash flow reconciliation**

**(a) Reconciliation of change in net assets attributable to members to net cash flows from operating activities**

Change in net assets attributable to members	-	-
<b>Net changes in operating assets and liabilities:</b>		
(Increase)/decrease in premiums receivable	30,517	10,292
Increase/(decrease) in other payables	121	17
(Decrease) in adviser fees payable	(459)	459
Increase/(decrease) in administration fees payable	(8,450)	(3,229)
(Decrease) in premiums received in advance	-	-
Increase/(decrease) in premiums payable	(13,977)	(7,522)
Increase in PAYG payable	168	(54)
<b>Net cash provided by operating activities</b>	<b>7,920</b>	<b>(37)</b>

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**8. Financial Risk Management Objectives and Policies**

**Introduction**

The Scheme's objective in managing risk is the creation and protection of members. Risk is inherent in the Scheme's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Scheme's continuing profitability. The Scheme is exposed to market risk (which includes interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds or issues.

**Risk management structure**

The Scheme's Responsible Entity is responsible for identifying and controlling risks. The board of directors supervises the Responsible Entity and is ultimately responsible for the overall risk management approach within the Scheme.

**Risk measurement and reporting system**

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Responsible Entity. These limits reflect the business strategy and market environment of the Scheme as well as the level of the risk that Scheme is willing to accept. In addition, the Scheme monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type and activities.

**Risk mitigation**

The Scheme has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

**Excessive risk concentration**

Concentration indicates the relative sensitivity of the Scheme's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Scheme's policies and procedures include specific guidelines to focus on credit quality.

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates.

**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 majority of interest rate exposure arises on cash accounts in the Australian market

The following table demonstrates the sensitivity of the Scheme's profit (loss) for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit (loss) for the year is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets held at the balance date. There is no sensitivity effect on 'other comprehensive income' as the Scheme has no assets classified as 'available for sale' or designated hedging instruments.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

In practice, the actual results may differ from the below sensitivity analysis and the difference could be significant.

The basis points sensitivity is based on the volatility of change in Australian interest rates of 10% over the coming year.

	Changes in basis points Increase / (decrease)	Sensitivity of interest income Increase / (decrease) \$	Sensitivity of changes in fair value of investments Increase / (decrease) \$
<b>30 June 2018</b>			
<b>AUD</b>			N/A

**Liquidity risk**

Liquidity risk is defined as the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Scheme could be required to pay its liabilities earlier than expected.

The table below summarises the maturity profile of the Scheme's financial liabilities on contractual undiscounted cash flows.

The Scheme manages the liquidity risk associated with cash outflows by holding cash. The total amount meeting this classification as at 30 June 2018 is \$13,553.

	Less than 1 month \$	1 to 3 months \$	3 to 6 months \$	6 to 12 months \$	1 to 5 years \$	Total \$
<b>Financial liabilities</b>						
Administration fees payable	1,908	-	-	-	-	1,908
Advisor fee payable	-	-	-	-	-	-
Trade creditor	93	-	-	28	264	384
PAYG payables	5,538	-	-	-	-	5,538
Premiums payable	5,723	-	-	-	-	5,723
<b>Total financial liabilities</b>	<b>13,262</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>264</b>	<b>13,553</b>

**Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Scheme by failing to discharge an obligation.

The Scheme is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships.

The table below analyses the Scheme's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements at reporting date.



**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

	2018	2017
	\$	\$
Cash and cash equivalents	13,553	5,634
Premiums receivable	-	30,517
<b>Total credit risk exposure</b>	<b>13,553</b>	<b>36,151</b>

**Credit quality of financial assets**

The Scheme invests only in financial assets with at least investment grade credit rating as rated by S&P, Moody's or Fitch.

**Risk concentrations of the maximum exposure to credit risk**

Concentration of risk is managed by counterparty credit quality.

The Scheme has one significant counter party, which has an AA rating. A significant counterparty is defined as any counterparty that holds portfolio positions and cash that in aggregate, are greater than 10% of the total exposure to credit risk.

The table below analyses the Scheme's concentration of credit risk by geographical distribution (based on counterparties' country of domicile):

	% of debt instruments 30 <sup>th</sup> June 2018
Australia	100%

The table below analyses the Scheme's concentration of credit risk by industry distribution:

	% of debt instruments 30 <sup>th</sup> June 2018
Finance and insurance	100%

None of the Scheme's financial assets were considered to be past due or impaired in 2018.

**Diversa Group Salary Continuance Pool  
ARSN 149 439 681**

**Notes to The Financial Statements  
For the Year Ended 30 June 2018**

**9. Related party disclosures**

**(a) Responsible Entity**

The Responsible Entity of Diversa Group Salary Continuance Pool is Diversa Superannuation Services Limited, whose immediate and ultimate holding company is Diversa Limited.

**(b) Details of Key Management Personnel**

*(i) Directors*

The directors of Diversa Superannuation Services Limited are considered to be key management personnel of the Scheme. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Mr Nigel Cameron Stokes (appointed 06/10/2016)  
Mr Steven Fuller (appointed 06/10/2016)  
Mr Garry Ronald Wayling (appointed 21/03/2017)

*(ii) Other Key Management Personnel*

In addition to the directors noted above, Diversa Superannuation Services Limited, the Responsible Entity of the Scheme, is considered to have key management personnel with the authority for the strategic direction and management of the Scheme, including:

P. Mueller                      Senior Manager

*(iii) Compensation of Key Management Personnel*

No amount is paid by the Scheme directly to the directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the directors as key management personnel.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note 9(c).

**(c) Fees**

Diversa Superannuation Services Limited provides management services to Diversa Group Salary Continuance Pool, and outsources custodial functions to Trust Company of Australia. All costs associated with the provision of custodial services are paid for by the Responsible Entity, and are conducted on normal commercial terms and conditions.

Transactions between Diversa Group Salary Continuance Pool and Diversa Superannuation Services Limited result from normal dealings with that company as the Scheme's Responsible Entity. Diversa Superannuation Services Limited is an Australian Financial Services Licence holder.

Diversa Superannuation Services Limited receives all management fees that have been paid by the Scheme during the year. Total fees paid to the Responsible Entity during the year for management of the Scheme was \$31,754. At balance date there is \$1,908 outstanding.

During the period the Responsible Entity incurred certain expenses on behalf of the Scheme of \$11,406.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Notes to The Financial Statements**  
**For the Year Ended 30 June 2018**

**(d) Related Party transactions**

*Related Parties*

Transactions between the Scheme and the Responsible Entity during the year are outlined in note 9(c) above.

*Terms and conditions of transactions with related parties*

All related party transactions are made in arm's length transactions on normal commercial terms and conditions. Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

**Diversa Group Salary Continuance Pool**  
**ARSN 149 439 681**

**Directors' Declaration**

In accordance with a resolution of the Directors of Diversa Superannuation Services Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Scheme are in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
  - ii. Complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.1; and
- (c) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

On behalf of the board



**Nigel Cameron Stokes**  
**Director**

Dated this 27<sup>th</sup> day of September 2018

## Independent auditor's report to the members of Diversa Group Salary Continuance Pool

### Report on the financial report

We have audited the accompanying financial report of Diversa Group Salary Continuance Pool (the Scheme), which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in net assets attributable to members and 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.

### Opinion

In our opinion:

- a. the financial report of Diversa Group Salary Continuance Pool is in accordance with the *Corporations Act 2001*, including:
  - i. i giving a true and fair view of the scheme's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
  - ii. ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.1.

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

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

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

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

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

### Directors' responsibility for the financial report

The directors of the Responsible Entity 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

## **Independent auditor's report to the members of Diversa Group Salary Continuance Pool (continued)**

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### ***Independence***

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*.

We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.



**Phillip Hunt**  
**Director**  
**Hunt & Company Accountants, Tax Advisors and Auditors**  
Company Auditor No. 309298  
Sydney

Dated this 28th day of September 2018