Diversa Trustees Limited

ABN 49 006 421 638

AFS Licence No. 235153

RSE Licence No. L0000635

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Directors' report

For the year ended 30 June 2019

The Directors present their report together with the financial report of Diversa Trustees Limited (the 'Company'), for the financial year ended 30 June 2019.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Robyn Louise FitzRoy
Murray Jones
Vincent Plant
Garry Wayling (resigned 28 June 2019)
Andrew Peterson (appointed 28 June 2019)
Fiona McNabb (appointed 28 June 2019)

Directors have been in office since the start of the financial year to the date of this report, unless it is stated otherwise.

The company secretary is Robert Good. Ashley Fenton resigned as a Company Secretary on 28 June 2019.

Principal activities

The Company is a provider of trustee services to superannuation funds, including master trusts, corporate stand-alone funds and stand-alone insurance funds.

Significant changes in the state of affairs

On 28 June 2019, the company was acquired by Sargon Superannuation Holdings Pty Ltd. Immediately prior to acquisition, activities not related to the provision of trustee services were transferred to fellow subsidiaries of OneVue Holdings Limited. As part of the sale, a balance of $7,585,532, owed by a former related entity, was forgiven by the Company prior to exiting the group (of which OneVue Holdings Limited is the ultimate parent).

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

Results of operations

The result from ordinary activities after income tax was a loss of $5,189,250 (2018 a profit of $3,239,863). This included the $7,585,532 balance forgiven.

Dividends

No dividend was paid or declared during or since the end of the financial year (2018: nil).

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

Likely developments

The Company will continue to provide trustee services to superannuation funds as noted in this Directors' Report with the support of its parent company. Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Indemnification and insurance of officers

During the financial year, OneVue Holdings Limited, the Company's ultimate parent entity paid a premium for an insurance policy insuring all Directors against certain liabilities. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Lead auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the Directors' Report for financial year ended 30 June 2019.

This report is made with a resolution of the Directors:

Andrew Peterson

Director

29 October 2019

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Diversa Trustees Limited
Level 5, 10 Spring St
Sydney NSW 2000

29 October 2019

Dear Board Members

Diversa Trustees Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Diversa Trustees Limited.

As lead audit partner for the audit of the financial statements of Diversa Trustees Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit

Yours sincerely
Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Frances Borg

Frances Borg
Partner
Chartered Accountants

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Services revenue		8,711,064	10,932,198
Total revenue		**8,711,064**	**10,932,198**
Finance income		34,717	28,618
Finance expense		(253,970)	(524,490)
Net finance expense	3	**(219,253)**	**(495,872)**
Employee benefits expense		(1,859,291)	(2,207,141)
Administration expenses		(1,412,523)	(2,194,732)
Receivables forgiven		(7,585,532)	-
Management fee		(1,580,577)	(1,161,179)
Occupancy costs		(182,202)	(223,223)
Depreciation and amortisation expense		(34,094)	(21,676)
Total expenses		**(12,654,219)**	**(5,807,951)**
Profit before income tax		**(4,162,408)**	**4,628,375**
Income tax expense	4	(1,026,842)	(1,388,512)
Profit after income tax		**(5,189,250)**	**3,239,863**
Other comprehensive income		-	-
Total comprehensive income for the year		**(5,189,250)**	**3,239,863**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

Statement of financial position

As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	904	523,059
Cash and cash equivalents - regulatory	5	4,227,301	6,906,068
Financial assets	6	965,571	835,202
Trade and other receivables	7	905,962	6,682,561
Total current assets		**6,099,738**	**14,946,890**
Non-current assets			
Deferred tax asset		104,730	179,631
Trade and other receivables	7	141,152	141,152
Property, plant and equipment	8	49,712	83,806
Total non-current assets		**295,594**	**404,589**
Total assets		**6,395,332**	**15,351,479**
Liabilities			
Current liabilities			
Trade and other payables	9	431,345	1,354,085
Employee benefits	10	94,876	157,802
Total current liabilities		**526,221**	**1,511,887**
Non-current liabilities			
Trade and other payables	9	-	38,363
Employee benefits	10	63,539	42,770
Total non-current liabilities		**63,539**	**81,133**
Total liabilities		**589,760**	**1,593,020**
Net assets		**5,805,572**	**13,758,459**
Equity			
Contributed equity	11	5,142,333	7,782,333
Accumulated profits		663,239	5,976,126
Total equity		**5,805,572**	**13,758,459**

The Statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

Statement of changes in equity

For the year ended 30 June 2019

	Note	Contributed equity $	Accumulated profits $	Total equity $
Balance at 1 July 2017		9,982,333	2,736,263	12,718,596
Total comprehensive income for the year				
Profit for the year		-	3,239,863	3,239,863
Total comprehensive income for the year		-	3,239,863	3,239,863
Transactions with owners, recorded directly in equity				
Shares issued		(2,200,000)	-	(2,200,000)
Total transactions with owners		(2,200,000)	-	(2,200,000)
Balance at 30 June 2018		**7,782,333**	**5,976,126**	**13,758,459**
Balance at 1 July 2018		7,782,333	5,976,126	13,758,459
Adjustment to opening balance	1(b)	-	(123,637)	(123,637)
Total comprehensive income for the year				
Profit for the year		-	(5,189,250)	(5,189,250)
Total comprehensive income for the year		-	(5,189,250)	(5,189,250)
Transactions with owners, recorded directly in equity				
Shares issued		460,000	-	460,000
Capital return		(3,100,000)	-	(3,100,000)
Total transactions with owners		(2,640,000)	-	(2,640,000)
Balance at 30 June 2019		**5,142,333**	**663,239**	**5,805,572**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

Statement of cash flows

For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,903,970	11,942,917
Payments to suppliers and employees (inclusive of GST)		(4,259,479)	(4,663,342)
Interest paid		(253,970)	(524,490)
Interest received		34,632	28,618
Net cash provided by operating activities	15	**5,425,153**	**6,783,703**
Cash flows from investing activities			
Payment for acquisition of financial assets		(130,370)	(57,504)
Payment for security deposit and bank guarantee		-	(17,336)
Net cash used in investing activities		**(130,370)**	**(74,840)**
Cash flows from financing activities			
Proceeds from share issues		460,000	-
Capital return		(3,100,000)	(2,200,000)
Related party funding		(5,855,705)	(6,752,211)
Net cash used in by financing activities		**(8,495,705)**	**(8,952,211)**
Net decrease in cash and cash equivalents		(3,200,922)	(2,243,348)
Cash and cash equivalents at beginning of financial period		7,429,127	9,672,475
Cash and cash equivalents at 30 June 2019	5	**4,228,205**	**7,429,127**

The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

Notes to the financial statements

1. Significant accounting policies

Diversa Trustees Limited (the 'Company') is an unlisted public company limited by shares. The Company is incorporated and domiciled in Australia. The address of the Company's registered office is Level 9, 287 Collins Street, Melbourne, VIC, 3000.

The financial statements were authorised for issue by the Board of Directors on 21 October 2019.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. The financial report of the Company complies with the International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial statements are presented in Australian dollars which is the functional and presentation currency of the Company and have been prepared on a historical cost basis.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

OneVue has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

New and amended standards adopted by OneVue

The principal accounting policies adopted in the preparation of the financial statements are set out in the relevant notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

AASB 9 *Financial Instruments* and its consequential amendments

The Company has applied AASB9 *Financial instruments* (as amended) and the related consequential amendments to other Accounting standards that are effective for an annual period that begins on or after 1 July 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018. The Directors' preliminary view is that the application of AASB 9 is unlikely to have a material impact on the financial statements.

AASB 15 *Revenue from Contracts with Customers*

The Company has applied AASB 15 *Revenue* from Contracts with Customers (as amended) which is effective for an annual period that begins on or after1 January 2018. AASB 15 replaces all current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component will occur when the uncertainties around its measurement are removed.

AASB 15 also specifies the accounting treatment for costs incurred to obtain or fulfil a contract. Costs are recognised as an asset only if the entity expects to recover them. Any capitalised contract costs are amortised on a systematic basis that is consistent with the transfer of the related goods and services.

The Company has applied AASB 15 in the financial year beginning 1 July 2018, retrospectively, recognising the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings, with no comparatives restatement. The total adjustment arising from the initial application of AASB 15 is a decrease in opening retained earnings of $123,637 in relation to establishment fees billed for which the recognition of revenue is deferred to later accounting periods.

The Company’s main source of revenue arise through the provision of financial services to clients. These financial services include:

- Superannuation trustee services

In accordance with the revenue recognition policies described in these financial statements, revenue is typically recognised as the performance obligations are delivered. The Company’s assessment of revenue streams existing at transition has concluded that additional disclosure describing in greater detail the revenue recognition process for the Company’s revenue types will need to be made, but otherwise the new standard not have a material impact on the Company’s results.

The Company expects presentation changes in the statement of profit or loss and other comprehensive income relating to certain recoverable costs previously recognised net of any associated revenue.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Company. The Company’s assessment of the impact of these new standards and interpretation is set out below.

AASB 16 *Leases*

AASB 16 replaces AASB 117 “*Leases*”, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on the statement of financial position, except for short-term leases and leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019.

No impact is anticipated as at 30 June 2019 as the lease qualifies for as a short-term lease upon the application of AASB 16.

(c) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below). Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in the statement of profit or loss and other comprehensive income.

(ii) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases and are not recognised on the statement of financial position.

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives in the current and comparative periods are as follows:

Computer equipment	3 to 8 years
Fixtures and fittings	3 to 8 years
Leasehold improvements	over term of lease

Residual values, useful lives and the depreciation methods are reviewed at the reporting date.

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value. Subsequent to initial recognition, trade and other receivables are measured at their amortised cost less impairment losses. Impairment of receivables is not recognised until objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has a negative effect on the estimated future cash flows. All individually significant receivables are assessed for specific impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables into portfolios of similar risk profiles based on objective evidence from historical experience adjusted for any effects of conditions existing at reporting date.

(e) Current assets – financial assets at fair value through profit or loss

The company has assessed its investments held at fair value through profit or loss and the investments are held for trading, where they are acquired for the purpose of selling in the short term with an intention of making a profit. These investments primarily comprise of holdings in ASX listed equites. Regular purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Subsequent movements in the fair value of financial assets are recognised in the statement of profit or loss and other comprehensive income. These investments, which are categorised in the statement of profit or loss and other comprehensive income.

(f) Cash

Cash and cash equivalents comprise cash balances, bank accepted commercial bills and call deposits with an original maturity of three months or less.

(g) Contributed equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(h) Employee benefits

(i) Superannuation benefits

Contributions in relation to defined contribution plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

(ii) Long-term service benefits

The Company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to determine its present value at a rate that approximates the maturity of the Company's obligation.

(iii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as worker's compensation insurance and payroll tax.

(i) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(j) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition these financial liabilities are measured at amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(k) Revenue

(i) Services rendered

Fees for services rendered are recognised in the profit and loss when the services are provided.

(ii) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expense comprises interest expense on borrowings.

(l) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss and other comprehensive income as an integral part of the total lease expense and spread over the lease term.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The company is part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity of the tax-consolidated group is OneVue Holdings Limited. A tax sharing agreement is in place and the effect of the agreement is that each of the subsidiary members is liable only for the reasonable allocation of the Group Liability made to it under that tax sharing agreement. A tax funding agreement is also in place pursuant to UIG Interpretation 1052.

	2019 $	2018 $
2. Auditors' remuneration		
Audit and review services and other regulatory returns		
Deloitte Touche Tohmatsu	24,700	27,200
	24,700	27,200
3. Net finance income/(expense)		
Interest income	34,717	28,618
Loan facility fees [1]	(253,970)	(524,490)
Net finance expense	(219,253)	(495,872)

[1] Fees paid to parent company in relation to loan facility

	2019 $	2018 $
4. Income tax expense		
Current year tax expense	951,864	1,383,046
	951,864	1,383,046
Deferred tax expense		
Origination and reversal of temporary difference	75,078	5,466
	75,078	5,466
Total income tax expense	1,026,942	1,388,512
Numerical reconciliation between tax expense and profit before tax		
Profit before tax	(4,162,408)	4,628,375
Income tax using the domestic rate of 30% (2018: 30%)	(1,248,726)	1,388,512
Increase in income tax expense due to:		
Non-deductible expenses	2,275,568	-
Income tax expense	1,026,842	1,388,512

	2019 $	2018 $

5. Cash and cash equivalents

Bank balances	904	523,059
Cash and cash equivalents – regulatory (1)	4,227,301	6,906,068
Cash and cash equivalents	4,228,205	7,429,127
Cash and cash equivalents in the Statement of cash flows	4,228,205	7,429,127

(1) Includes amounts held for regulatory and prudential purposes and is restricted in use.

6. Financial assets

Financial assets - restricted	965,571	835,202
Total financial assets	965,571	835,202

Financial assets – restricted – includes amounts held for regulatory and prudential purposes and is restricted in use.

7. Trade and other receivables

Current		
Trade receivables	652,401	801,083
Provision for impairment	(98,750)	(52,825)
	553,651	748,258
Accrued income	315,031	520,213
Amounts receivable from related parties	-	5,360,124
Other receivables	37,280	53,966
	905,962	6,682,561
Non-current		
Bank guarantee and security deposits	141,152	141,152

8. Property, plant and equipment

Cost		
Opening balance	243,966	267,900
Additions	-	-
Disposals	-	(23,934)
Closing Balance	243,966	243,966
Accumulated depreciation		
Opening balance	(160,160)	(138,484)
Depreciation and amortisation for the year	(34,094)	(21,676)
Closing Balance	(194,254)	(160,160)
Carrying amounts		
Opening balance	83,806	129,416
Closing Balance	49,712	83,806

	2019 $	2018 $

9. Trade and other payables

	2019 $	2018 $
Current		
Trade payables	73,328	43,085
Other payables	321,648	1,232,549
Lease incentive liability	36,369	78,451
	431,345	1,354,085
Non-current		
Lease incentive liability	-	38,363
	-	38,363

10. Employee benefits

	2019 $	2018 $
Current		
Provision for long service leave	10,069	40,663
Provision for annual leave	84,806	117,139
	94,875	157,802
Non-current		
Provision for long service leave	63,542	42,770
	63,542	42,770

11. Capital

Reconciliation of movement in capital and reserves

	Company Ordinary shares	
On issue at beginning of financial period	7,782,333	9,982,333
Shares issued for cash at $1 each	460,000	-
Shares bought back for cash at $1 each	(3,100,000)	(2,200,000)
On issue at end of financial period – fully paid	5,142,333	7,782,333

	2019 $	2018 $

11. Capital (continued)

Number of securities on issue

	Company No. of securities	
Opening balance	7,782,333	9,982,333
Issue of shares	460,000	-
Capital return	(3,100,000)	(2,200,000)
Closing balance	5,142,333	7,782,333

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. The Company does not have authorised capital or par value in respect of its shares.

12. Financial risk management

Exposure to credit and market risks arises on a minimal basis in the normal course of the Company's business.

The Company's Audit, Compliance and Risk Committee oversees the management of compliance with the Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk arises principally from the Company's receivables and short term deposits. Exposure to credit risk is monitored on an ongoing basis. The Company does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Company limits its exposure to credit risk by investing in short term deposits with counter parties that have a high credit rating. Therefore, management does not expect any counter party to fail to meet its obligations. As at 30 June 2019 $126,275 of the Company's receivables are over 90 days past due (2018: $60,306). As at 30 June 2019 $45,925 impairment was recognised during the period (2018: $19,000).

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	$
Balance at 1 July 2017	33,825
Impairment loss recognised	19,000
Recovery of prior year provision for impairment	-
Balance at 30 June 2018	52,825
Balance at 1 July 2018	
Impairment loss recognised	45,925
Recovery of prior year provision for impairment	-
Balance at 30 June 2019	98,750

12. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this by monitoring forecasts and cash flow to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. At the end of the current period, 76% of the Company's liabilities were current (2018: 95%) and 24% were non-current (2018: 5%).

Market risk

Market risk is the risk that changes in market prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Company manages this risk by entering into term deposits with fixed interest rates to control market exposure.

Sensitivity analysis

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on profit.

The Directors believe a 50 basis point movement is a reasonable sensitivity given current market conditions. A 50 basis point increase or decrease in interest rates would impact the Company's statement of profit or loss and other comprehensive income as set out below:

	2019 **$**	**2018** **$**
50 basis points increase in interest rate	21,141	37,146
50 basis points decrease in interest rate	(21,141)	(37,146)
Net impact on profit after tax		
Profit after income tax:	(5,189,250)	3,239,863
50 basis point increase	(5,168,109)	3,277,009
50 basis point decrease	(5,210,391)	3,202,717

Fair values

The carrying amount of financial assets and liabilities approximate fair value.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Capital management

The Board's policy is to maintain sufficient cash and cash equivalents to maintain the Company's Australian Financial Services licence and Responsible Superannuation Entity ("RSE") licence. There were no breaches of the Company's externally imposed financial requirements during the year. There were no changes to the Company's approach to capital management during the year.

13. Auditors' remuneration

Audit and review services and other regulatory returns

Deloitte Touche Tohmatsu	24,700	27,200
	24,700	27,200

14. Commitments and contingencies

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 $	2018 $
Within one year	93,834	200,763
Between one and five years	-	93,834
	93,834	294,597

The agreement includes a lease incentive of $319,125 of which $159,563 was received as a rent-free period which ended in December 2015. The remaining $159,562 of the lease incentive was allocated to fitout works undertaken at the premises.

During the year ended 30 June 2019 $117,238 was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases (2018: $175,950). The minimum lease repayments made in the year were $201,520 (2018: $193,275).

Contingent liabilities

There are no contingent liabilities or other commitments at 30 June 2019.

15. Reconciliation of cash flows from operating activities

	Note	2019 $	2018 $
Cash flows from operating activities			
Profit for the period		(5,189,249)	3,239,863
Adjustments for:			
Receivables forgiven		7,585,532	-
Depreciation and amortisation	9	34,094	21,676
Other expenses		48,750	19,000
Operating profit before changes in working capital and provisions		2,479,127	3,280,539
Decrease in trade and other receivables (1)		4,075,659	3,193,754
(Decrease) / increase in trade and other payables		(1,087,479)	341,955
Decrease in provisions and employee benefits		(42,154)	(32,545)
Net cash from operating activities		5,425,153	6,783,703

(1) Net of decrease / (increase) in amounts receivable from / (payable to) related parties

7. Key Management Personnel

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Directors and key management personnel

Robyn Louise FitzRoy
Murray Jones
Vincent Plant
Garry Wayling (resigned 28 June 2019)
Andrew Peterson (appointed 28 June 2019)
Fiona McNabb (appointed 28 June 2019)

Key management personnel compensation

A summary of the remuneration of Directors for the current and previous financial year is set out below:

	2019 $	2018 $
Total compensation	270,000	270,165

As at the date of this report, no Director held directly or indirectly any shares in the Company.

Related party disclosures

Transactions with parent and related entities

(a) Controlling entities

The Company's parent entity is Sargon Superannuation Holdings Pty Ltd and the ultimate parent entity is Sargon Capital Pty Limited.

Until the Company was sold on 28 June 2019, the Company's parent entity was Diversa Limited and the ultimate parent company was OneVue Holdings Limited. During the period the Company returned shares as repayment to the former parent company in the amount of $3,100,000 and issued shares of $460,000. In 2018, 2,200,000 shares were returned to the parent company as repayment.

(b) Transactions within the wholly owned group

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	2019 $		2018 $	
	(Sales to) / purchases from related parties	**Outstanding at year end**	**(Sales to)/purchases from related parties**	**Outstanding at year end**
Diversa Pty Limited	593,966	-	819,133	-
CCSL Limited	(7,525)	-	(30,100)	-
OneVue Services Pty Limited	1,580,578	-	1,161,180	5,360,124
OneVue Super Services Pty Limited	629,488	-	1,225,243	-
OneVue Holdings Limited	-	-	10,017	-
	2,796,506	-	3,185,473	5,360,124

A balance of $7,585,532 owing from OneVue Services Pty Limited was forgiven prior to the sale of the Company to Sargon Superannuation Holdings Pty Ltd. Aside from this the terms and conditions of the transactions with the former parent and related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

OneVue Services Pty Limited has provided the Company human, technological and technical resources in its capacity as a service entity within the OneVue Holdings Limited group.

16. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

Directors’ declaration

1. In the opinion of the Directors of Diversa Trustees Limited (‘the Company’):

   (a) the financial statements and notes that are set out on pages 5 to 20 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company’s financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors draw attention to Note 1(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Andrew Peterson

Director

29 October 2019

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Diversa Trustees Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Diversa Trustees Limited (the "Company") which comprises the statement of financial position as at 30 June 2019, the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards 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 the Company**,** 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.

Other Information

(a) 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 30 June 2019, but does not include the financial report and our auditor's report thereon.

    Our opinion on the financial report does not cover the other information and 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 has 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.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Frances Borg

Frances Borg
Partner
Chartered Accountants
Sydney, 29 October 2019