eftpos

Good for Australia

Annual Report

for the year ended **30 June 2020**

eftpos Payments Australia Limited
ABN 37 136 180 366

Good for Australia

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Managing Director's report

for the year ended 30 June 2020

Mr Stephen Benton

Good for Australia

At eftpos we are led by our purpose to 'change the way Australians pay for the better'. And as Australia's own debit payments network, we are also driven by the reason behind our existence, which is to do 'Good for Australia'.

Importantly eftpos' strategy is underpinned by these guiding lights, enabling us to deliver payments capability with greater ease, value and security for our issuers and their cardholders, and acquirers and their merchants.

Our strategy is now clearly aligned around three parallel areas of focus, all underpinned by better customer outcomes. The first is to maintain strong volumes and revenue to fund investments, while the second is to concentrate on catching up on areas of core capability and advancing solutions that support our digital future. The third is the most ambitious and forward-thinking, namely, to diversify our business and invest in digital payments experiences that are aligned to our purpose.

A pivotal year

FY2019/20 has been a pivotal year for eftpos, marking a turning point in our thirty-five-year history.

The shape of our financials has transformed, with a 35% improvement in revenue largely offset by higher refunds to fund Member build investment costs. These investments are critical to grow, build and strengthen our product offerings for the benefit of all Australians.

We experienced a rise in staffing and project costs by 23% in order to provide capacity for new areas of focus, including merchant choice routing, completion of the digital roadmap and creation of capabilities that enable better payment experiences, including our digital identity solution.

Revenue growth has been achieved through higher fees and higher transaction volumes which importantly funds eftpos investments to benefit Australia.

Transaction volumes increased by 17.7% on the prior year before unavoidable COVID-19 impacts which reduced the end position to a net 13.3% growth on prior year. Encouragingly this growth halts the previous trends of declining volume and market share experienced across several years, marking a turning point as eftpos transitions into a new era.

Our transaction volume growth over the past year was fuelled by the expansion of merchant routing volumes, broadening areas of acceptance, increased number of cards and the enablement of Members' proprietary cards with contactless capability.

Debit cards are by far the most popular payment choice for Australians as they move from cash and credit during this challenging time. Of the almost one billion electronic transactions per month in Australia, around 70% are now on debit and that number is growing every month.

"Australia-focused and Australia first, is how our eftpos product roadmap has been devised to create world-class innovations to compete against the very real threats of global disintermediation."

eftpos transactions are growing year-on-year in alignment with the industry. Like most domestic payment schemes across the globe, we are innovating, bolstering competition, extracting additional value from the payments ecosystem and optimising unique payment experiences for our market.

Australia-focused and Australia first, is how our eftpos product roadmap has been devised to create world-class innovations to compete against the very real threats of global disintermediation. Crucially our roadmap is self-funded and almost complete, leveraging investments that have been made over the past few years.

Creating a sustained high performing culture with an efficient and aligned operating model was an important objective for the year. The articulation of our Manifesto coming to life, capturing the essence of eftpos through the fusion of our purpose, values, and behaviours, was a significant milestone.

Likewise, the redesign of our processes and delivery capabilities, together with the enhanced internal communication and interactions with our Members, gave rise to an uplift in staff engagement and organisational effectiveness. Employee engagement was 81% with a Net Promoter Score of 34 for the concluding survey of the year, all despite a concentrated emphasis on delivery and the associated challenges encountered in relation to COVID-19.

We have maintained a 'balanced scorecard' mindset in our approach to Risk Maturity, established enriched People and Culture practices, and in addition improved Financial management processes to create a sustainable, and expertly led, fit for purpose organisation.

Looking ahead: FY2021 aspirations

As we position our company for growth, we are bringing to life a new visual brand identity which will build on the trust, convenience, and security Australians have come to know when paying with eftpos. As we move to the centre of the digital ecosystem and innovate for the future, it is important that eftpos remains relevant across every touch point — in store, on mobile and across all digital platforms. The new brand identity and rebranding initiatives will roll out during the 2021 financial year.

The pandemic has exacerbated the shift away from cash and in-store card-based transactions, accelerating adaptation toward digital consumption, predominantly via online and mobile transactions. eftpos' extension across these areas will largely be completed within the 2021 financial year, ensuring we benefit from these trends. As Australians show a greater preference for contactless payments during the COVID-19 pandemic, we have already seen eftpos cardholders enthusiastically embrace our mobile pay offerings.

eftpos is synonymous with low cost debit card payments in-store at retailers across Australia, so we were excited to begin making headway in the digital payment space and provide greater choice online. We recently launched what we intend to be the first of many digital payments products for eCommerce card-on-file processing. This service will increasingly enable more small and medium businesses to have Australia's most popular cards – multi-network debit cards – processed by eftpos, and potentially deliver significant cost savings, which are particularly important for businesses during COVID-19 and the recovery process.

Looking forward, our aim is to make eftpos stronger than it has ever been by consolidating our position and expanding into new digital areas as the payments landscape rapidly evolves. We will do this quickly, using our deep expertise to focus on where we can deliver the most value to our Members while fulfilling our purpose and changing the way Australians pay for the better. It's going to be an exciting time ahead.

Stephen Benton

CEO

eftpos

Directors' Report

for the year ended 30 June 2020

The Directors present their report on eftpos Payments Australia Limited for the period commencing 1 July 2019 and ending 30 June 2020 (the reporting period).

Directors and Company Secretary Details

The names of the Directors and Company Secretaries in office at the date of this report are set out below.

Independent Directors	
Mr Leigh Clapham, GAICD	Independent Director and Chairman
Ms Katherine Ostin, BComm CA F Fin GAICD	Independent Director
Mr Alexander Twigg, F Fin GAICD	Independent Director
Nominee Directors	
Dr Michael Baumann, Dr. rer. oec.	Nominee Director
Mr Allan Goldring, BEc Dip.BA	Nominee Director
Mr Shane Harris	Nominee Director
Mr David Hemingway[2] B.Eng (Software) ADP (LBS)	Nominee Director
Mr Cornelis (Kees) Kwakernaak, MScE	Nominee Director
Mr Vinay Rao, BE EMBA	Nominee Director
Ms Sarah Stubbings, BComm	Nominee Director
Ms Mandy Rutherford[4]	Nominee Director
Executive Director	
Mr Stephen Benton, BComm GAICD	CEO & Managing Director
Company Secretaries	
Ms Robyn Sanders, LLB	Company Secretary

Alternate Directors

Mr Paul Askew
Ms Kirsten Piper[5]
Ms Amanda Kelly
Ms Bianca Bates[6]
James Fowle[7]

Alternate Director Resignations

Ms Kirsten Piper[8]
Mr Derek Weatherley[9]
Ms Lynda McMillan[10]

Director Resignations

Ms Raksmey Thay[11]
Ms Bianca Bates[12]
Mr John Tanevski[13]

Company Secretary Resignation

Ms Kiran Gill[14]

[2] Replacing Ms Bianca Bates who ceased to be a Nominee Director on 11 August 2020.
[4] Replacing Mr John Tanevski who ceased to be a Nominee Director on 24 September 2020.
[5] Appointed Alternate Director to Mr Tanevski on 23 January 2020.
[6] Alternate Director for Mr David Hemingway effective 11 August 2020.
[7] Appointed Alternate Director to Dr Michael Baumann on 22 September 2020.
[8] Ceased to be Alternate Director to Ms Raksmey Thay on 2 October 2020.
Ceased to be Alternate Director to Mr John Tanevski on 24 September 2020.
[9] Ceased to be Alternate Director to Ms Bianca Bates on 11 August 2020.
[10] Resigned as Alternate Director to Dr Michael Baumann on 18 September 2020.
[11] Resigned as Nominee Director on 2 October 2019.
[12] Resigned as Nominee Director on 11 August 2020.
[13] Replaced Ms Raksmey Thay who ceased to be a Nominee Director on 2 October 2019.
Resigned as Nominee Director on 24 September 2020.
[14] Appointed Company Secretary on 21 May 2019 and resigned as Company Secretary on 15 November 2019.

Directors appointed during the reporting period

Mr John Tanevski was appointed Director on 23 January 2020 replacing Ms Raksmey Thay who ceased to be a Director on 2 October 2019.

Since the end of the reporting period Mr David Hemingway was appointed Director on 11 August 2020, replacing Ms Bianca Bates who ceased to be a Director on 11 August 2020.

Mandy Rutherford was appointed Director on 25 September 2020, replacing John Tanevski who ceased to be a Director on 24 September 2020.

Alternate Directors appointed during the reporting period

Ms Kirsten Piper ceased to be Alternate Director to Ms Raksmey Thay on 2 October 2020 and was appointed Alternate Director to Mr Tanevski on 23 January 2020. Ms Amanda Kelly was appointed Alternate Director to Ms Sarah Stubbings on 14 May 2020.

Since the end of the reporting period, Mr Derek Weatherley ceased to be Alternate Director to Ms Bianca Bates on 11 August 2020 and Ms Bianca Bates became Alternate Director for Mr David Hemingway.

Ms Lynda McMillan ceased to be Alternate Director to Dr Michael Baumann on 18 September 2020 and James Fowle became Alternate Director to Dr Michael Baumann on 22 September 2020,

Ms Kirsten Piper resigned as Alternate Director to John Tanevski on 24 September 2020.

Directors meetings attendance

Below shows the Directors meeting attendance schedule from 1 July 2019 to 30 June 2020.

	Board	Finance & Financial Audit Committee (FFAC)	Risk & Internal Audit Committee (RIAC)	Remuneration & Nominations Committee (RNC)	Rebate & Pricing Committee (RPC)
Total No. of Meetings	**9**	**4**	**4**	**5**	**10**
Independent Directors					
Mr Leigh Clapham	9/9	4/4	4/4	5/5	10/10
Ms Katherine Ostin	9/9	4/4	4/4		10/10
Mr Alexander Twigg	9/9			5/5	10/10
Nominee Directors					
Ms Bianca Bates	8/9	4/4			
Dr Michael Baumann[15]	7/9			3/5	
Mr Allan Goldring[16]	8/9		1/2		
Mr Shane Harris	9/9		4/4		
Mr Cornelis (Kees) Kwakernaak	8/9	3/4			
Mr Vinay Rao[17]	8/9			3/3	
Ms Sarah Stubbings[18]	9/9			2/2	
Ms Raksmey Thay[19]	1/1		1/1		
Mr John Tanevski[20]	6/6		2/2		
Ms Lynda McMillan[21]	1/1			1/1	
Executive Director					
Mr Stephen Benton	9/9				10/10

Numerator = Meetings attended.
Denominator = Meetings required to attend as a Director.

[15] Ceased as a Nominee Director on 2 October 2019.
[16] Appointed as a Nominee Director on 23 January 2020.
[17] Attending as Alternate Director to Dr Baumann.
[18] Joined Remunerations & Nominations Committee on 6 February 2020.
[19] Ceased as a Nominee Director on 2 October 2019.
[20] Appointed as a Nominee Director on 23 January 2020.
[21] Attending as Alternate Director to Dr Baumann.

Directors benefits

Since the date of incorporation, no Director of eftpos has received, or has become entitled to receive, a benefit other than:

- For the reporting period the Directors fees payable to the Chair and two other Independent Directors, set out in note 15 to the financial statements.
- Normal benefits as a full-time employee of eftpos, which are payable to the CEO and are included in note 15 to the financial statements; and
- The benefit of the indemnity described below.

Directors and Officers indemnity

The Corporations Act 2001 prohibits a company from indemnifying Company Directors, Secretaries, Executive Officers and Auditors from liability except for liability to a party, other than eftpos or a related body corporate, where the liability does not arise out of conduct involving a lack of good faith and except for liability for costs and expenses incurred in successfully defending certain proceedings.

Article 15.1 provides in effect that every person who is or has been a Director, Alternate Director or Secretary of eftpos is entitled to be indemnified by eftpos against any liabilities and expenses incurred by that person relating to that person's position with eftpos other than to the extent prohibited by statute.

The following Directors and Officers of eftpos were indemnified in the reporting period:

- The Directors and Alternate Directors named earlier;
- Chief Executive Officer & Managing Director;
- Chief Financial Officer (including interim Chief Financial Officer);
- Chief Digital Officer;
- Chief Commercial Officer;
- Chief Product Officer (while appointed);
- Chief Information Officer;
- Chief People and Culture Officer;
- General Counsel; and
- both Company Secretaries.

During the reporting period, eftpos paid a premium under a contract insuring each of the Directors and Alternate Directors of eftpos and each of the Executive Officers referred to above. Disclosure of the nature of the liability insured against and the amount of the premium is prohibited by the confidentiality clause of the insurance policy, in accordance with common commercial practice.

Company limited by guarantee

The Company is limited by guarantee with each of the 19 Members being liable to the extent of $10,000 each on the Company's winding up, being a total of $190,000.

Dividends

The Company is incorporated by guarantee and does not provide dividends to Members.

Good for Australia

Our vision is to be Australia's trusted payment choice by making life easier and being the centre of the digital ecosystem. Setting out to change the way Australians pay for the better, whilst growing the business and upholding the reputation; integrity; security; reliability and stability of the eftpos payments system.

We see our role in providing and maintaining critical national infrastructure across Australia as paramount. Ideally positioned to meet the local market needs, safeguard economic sovereignty interests and ensure governance and competition policy considerations are addressed. eftpos endeavours to ensure the Australian payments system is both protected and robust.

With access to

56 million cards

in market, we help create innovative, bespoke customer payment experiences for our Members and partners.

By innovating on top of existing rails eftpos can support low cost, quick to market innovations. Our digital identity solution connectID is one recent example of how the business is making the most of our new, centralised network that has been operating at 100% since it was launched in 2014 and standing up solutions quickly and at low cost to meet the needs of Australians.

eftpos is synonymous with low cost debit card payments in-store at retailers across Australia. With over 56 million cards in market and acceptance across hundreds of thousands of Australian merchants and businesses, we help create, innovative and enrich bespoke customer payment experiences for our Members and Partners.

To achieve these challenges, our business activities are structured according to three strategic pillars. The pillars of Grow, Build, and Transform enable us to design and build better products across our four customer segments and achieve our end vision – **to change the way Australians pay for the better.**

The Grow pillar is defending and growing our Core payments volumes to enable us to invest in new digital capabilities and transform our business.

With the payments world rapidly moving to digital experiences it is imperative that our Build activities advance solutions to embrace and support our digital future.

To evolve our business, our Transform initiatives are focused on innovating in areas that add value beyond the transaction, diversifying and identifying where to differentiate with an emphasis on digitally connected experiences.

Supporting this strategy is engagement with our Members. eftpos strives to work closely with our Members and stakeholders to provide additional value beyond the transaction, concentrating on improving customer relationships and growing loyalty. Successful Member alignment enables us to design locally relevant new products and services for Australian consumers and businesses.

Objectives

Our business objective is to change the way Australians pay for the better, whilst at the same time grow the business and uphold the reputation; integrity; security; reliability and stability of the eftpos payments system.

Strategy

In FY20 eftpos, in conjunction with the Directors, reset our strategic framework with the aim to ensure that our company remains a sustainable diversified business, driving payments efficiency in Australia.

We have set ourselves four customer focused challenges:

- **Issuers**
  choose eftpos as we offer better, more segment-based solutions and strong financial support
- **Consumers**
  choose eftpos through all channels, a strong brand and differentiated offerings that make life easier
- **Merchants and Acquirers**
  choose eftpos for both price and non-price led propositions that best supports their business
- **National Infrastructure**
  a natural choice where we extend our role as a low-cost national infrastructure provider, leveraging capabilities to the benefit of an efficient Australian payments system.

To achieve these challenges, our business activities are structured according to three strategic pillars. The pillars of *Grow, Build*, and *Transform* enable us to design and build better products across our four customer segments and achieve our end vision — to change the way Australians pay for the better.

The *Grow* pillar is defending and growing our Core payments volumes to enable us to invest in new digital capabilities and transform our business.

With the payments world rapidly moving to digital experiences it is imperative that our *Build* activities advance solutions to embrace and support our digital future.

To evolve our business, our *Transform* initiatives are focused on innovating in areas that add value beyond the transaction, diversifying and identifying where to differentiate with an emphasis on digitally connected experiences.

Supporting this strategy is engagement with our Members. eftpos strives to work closely with our Members and stakeholders to provide additional value beyond the transaction, concentrating on improving customer relationships and growing loyalty. Successful Member alignment enables us to design locally relevant new products and services for Australian consumers and businesses.

2018

2019

2020

Grow

Defend and grow the core

- Merchant Choice Routing (Card Present)
- Mobile Pays
- Unattended
- eftpos Co-Brand Card
- Streamlined Settlement

Build

Build payment capability and services for digital future

- Merchant Choice Routing (Card Not Present)
- Fraud Management
- Merchant Tokenisation
- eftpos Secure (3DS2)
- API Delivery Platform

Transform

Invest to transform the payment experience

- Digital ID
- Digital Wallet
- Digital Acceptance
- Brand Relaunch

Principal activities

The Company has responsibility for managing and promoting the Australian eftpos debit payments system and its associated processing infrastructure and services known as eftpos in Australia and carrying out the activities outlined in the strategy.

Measuring performance

The Company measures its performance via a range of key performance indicators that cover:

- Financial targets and Transaction volumes;
- Operational efficiency and reliability;
- Execution against the Strategic Roadmap;
- Member and Employee Engagement; and
- Risk Maturity.

Review of Operations to 30 June 2020

In the latter part of the financial year the COVID-19 pandemic developed rapidly into a global crisis, resulting in enforced lockdowns and business closures, and a slow-down of economic activity. eftpos has not been immune to these challenges, with reduced overall transaction volumes over the last quarter of the year and changed consumer behaviour. Moving away from cash usage and docked transactions, towards contactless and digital solutions.

Despite this eftpos has grown volumes by 13.3% on the prior year, posted a profit after tax of $10.68million (FY19: $4.59million) and maintained a strong liquidity position (current ratio of 1.45). eftpos' financial resilience is due to the fact that its primary exposure is skewed towards transaction categories which are "essential" rather than "discretionary" in nature, where the transaction (volume and value) decline has been more severe. eftpos entered the crisis period in a strong liquidity position and has taken active steps to maintain and enhance that position over these turbulent times (including cost and cashflow conservation; active cashflow forecasting/ modelling and management).

eftpos has posted a strong operational and financial performance during the year despite the challenging environment of the COVID pandemic and continued competitive challenges.

Key outcomes were:

a Earnings after tax of $10.68million for the year ($4.59million: FY19) building the financial resilience and ensuring eftpos' ability to continue to invest in better outcomes for our Members.

b Volume growth exceeding targets and achieving a growth (+13.3%) for the first time since 2012. Merchant Choice Routing being a significant driver of that volume, providing merchants with choice and potential cost savings.

c A $71.12million growth in cash at bank offset by a $50.2million increase in member refunds provided for and paid after year end.

d The outstanding reliability, stability and availability of hub and TSP services with 100% availability.

e Improved engagement, resilience and productivity of our people (our biggest asset), despite the work from home and other pandemic related disruptions.

f A new member engagement model was adopted and rolled out.

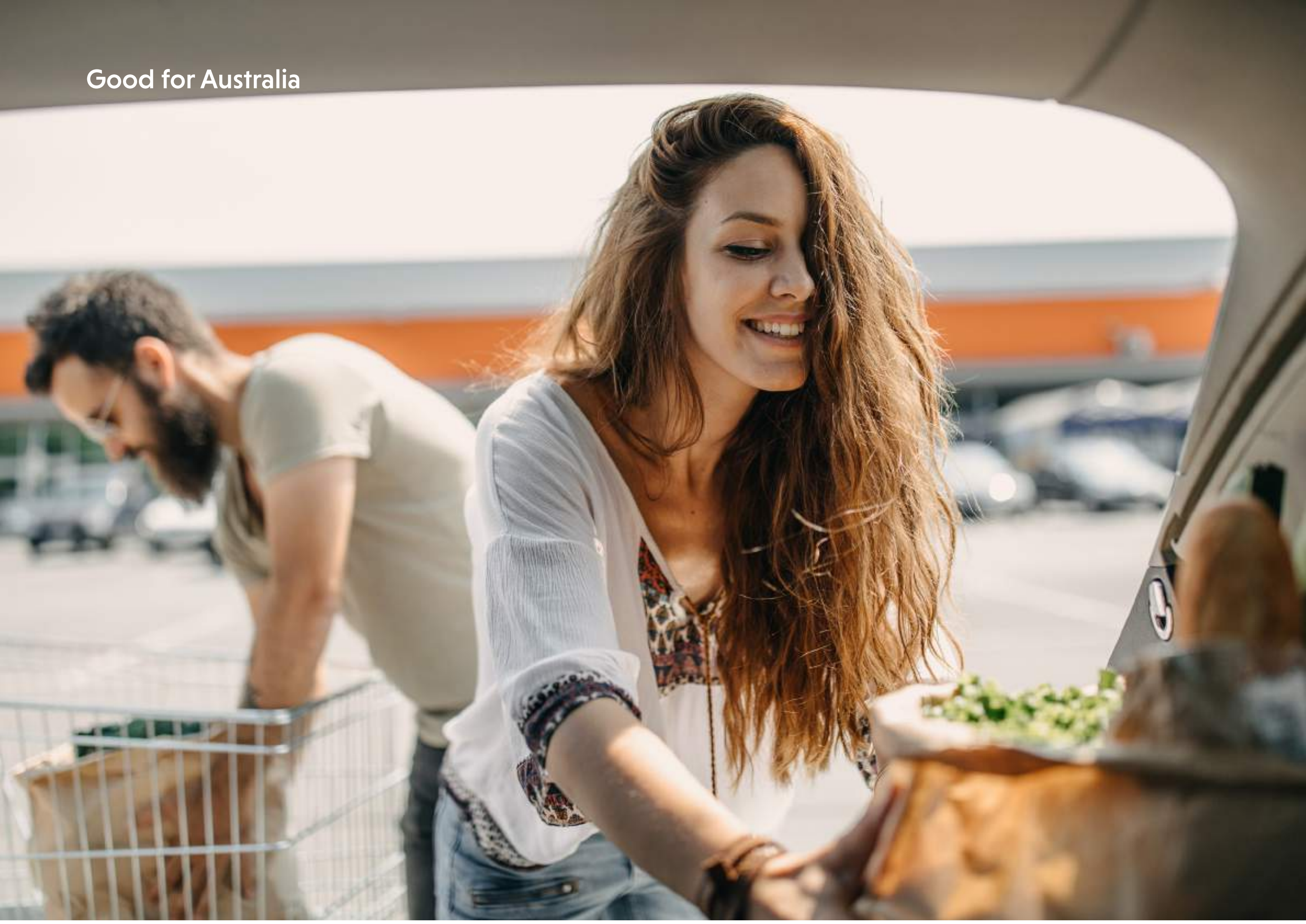
g Our risk capability continuing to evolve and mature to cope with our changing environment.

Annual Corporate Governance Statement

For eftpos' corporate governance statement and Directors experience and special responsibilities, please refer to "About Us" and "Annual Reports" on www.eftposaustralia.com.au.

Power to amend financial statement after issue

The Directors have the power to amend and re-issue the financial report after issue.



Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors Report. Amounts in the Directors Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act* 2001. A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act* 2001 is set out on page 15.

Matters subsequent to the end of the reporting period

The Payments Industry is consulting with respect to a possible consolidation of payments capability across domestic payments providers and whilst the result is unknown as at the date of this report and in any event confidential to the participants in the consultation, may have some impact on the future operations and/or state of affairs of eftpos.

The business effects of COVID-19 continue to be unpredictable in nature and term, this situation and the impacts on eftpos will continue to be actively monitored and managed.

The Directors are not aware of any other matters or circumstances occurring between 30 June 2020 and the date of the Directors' declaration, not otherwise dealt with in this report, that has significantly, or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

This report is made in accordance with a resolution of Directors.

L. Clapham

Chairman

Sydney

13 October 2020

pwc

Auditor's Independence Declaration

As lead auditor for the audit of eftpos Payments Australia Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Josephine Hellstern
Partner
PricewaterhouseCoopers

Sydney
13 October 2020

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Annual Financial Report for the year ended 30 June 2020

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This financial report covers eftpos Payments Australia Limited as an individual company. The financial report is presented in Australian dollars.

eftpos Payments Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

eftpos Payments Australia Limited, Level 11, 45 Clarence Street, Sydney NSW 2000

A description of the nature of the company's operations and its principal activities is included in the Directors Report commencing page 5.

Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue from contracts with customers	2	75,811	56,114
Employee benefits expense	3	(25,783)	(19,964)
Depreciation and amortisation expense	9, 11	(6,675)	(5,977)
Marketing expenses		(3,350)	(2,430)
Product and Implementation expenses	4	(16,901)	(14,616)
Other expenses	5	(6,729)	(6,761)
Finance costs		(77)	-
Profit before income tax		**16,296**	**6,366**
Income tax expense	6	(5,617)	(1,770)
Profit for the year		**10,679**	**4,596**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		**10,679**	**4,596**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2020

Assets	Note	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	7	107,203	36,079
Trade and other receivables	8	20,417	24,985
Prepayments		1,341	957
Total current assets		**128,961**	**62,021**
Non-current assets			
Property, plant and equipment	9	639	787
Right-of-use assets	10	1,165	-
Intangible assets	11	18,079	17,692
Deferred tax assets	6	6,888	-
Total non-current assets		**26,771**	**18,479**
Total assets		**155,732**	**80,500**
Liabilities			
Current liabilities			
Trade and other payables	12	77,374	18,745
Deferred consideration		-	1,040
Lease liabilities	10	709	-
Provisions	13	1,384	729
Current tax liabilities		9,232	3,786
Total current liabilities		**88,699**	**24,300**
Non-current liabilities			
Lease liabilities	10	637	-
Deferred tax liabilities	6	-	480
Provisions	13	518	434
Total non-current liabilities		**1,155**	**914**
Total liabilities		**89,854**	**25,214**
Net assets		**65,878**	**55,286**
Equity			
Retained earnings		65,878	55,286
Total equity		**65,878**	**55,286**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2020

	Retained earnings $'000	Total $'000
Balance as at 1 July 2018	50,690	50,690
Net profit for the year	**4,596**	**4,596**
Other comprehensive income	-	-
Total comprehensive income for the year	4,596	4,596
Balance as at 30 June 2019	**55,286**	**55,286**
Change on adoption of new accounting standards (1)	(87)	(87)
Restated opening balance as at 1 July 2019	**55,199**	**55,199**
Balance as at 1 July 2019	55,199	55,199
Net profit for the year	**10,679**	**10,679**
Other comprehensive income	-	-
Total comprehensive income for the year	**10,679**	**10,679**
Balance as at 30 June 2020	**65,878**	**65,878**

(1) The Company adopted AASB 16 Leases (AASB 16) on 1 July 2019 using the simplified transition approach. The impact of adoption has been taken through opening retained earnings at 1 July 2019. For details on adoption of AASB 16, refer to Note 1a(i)

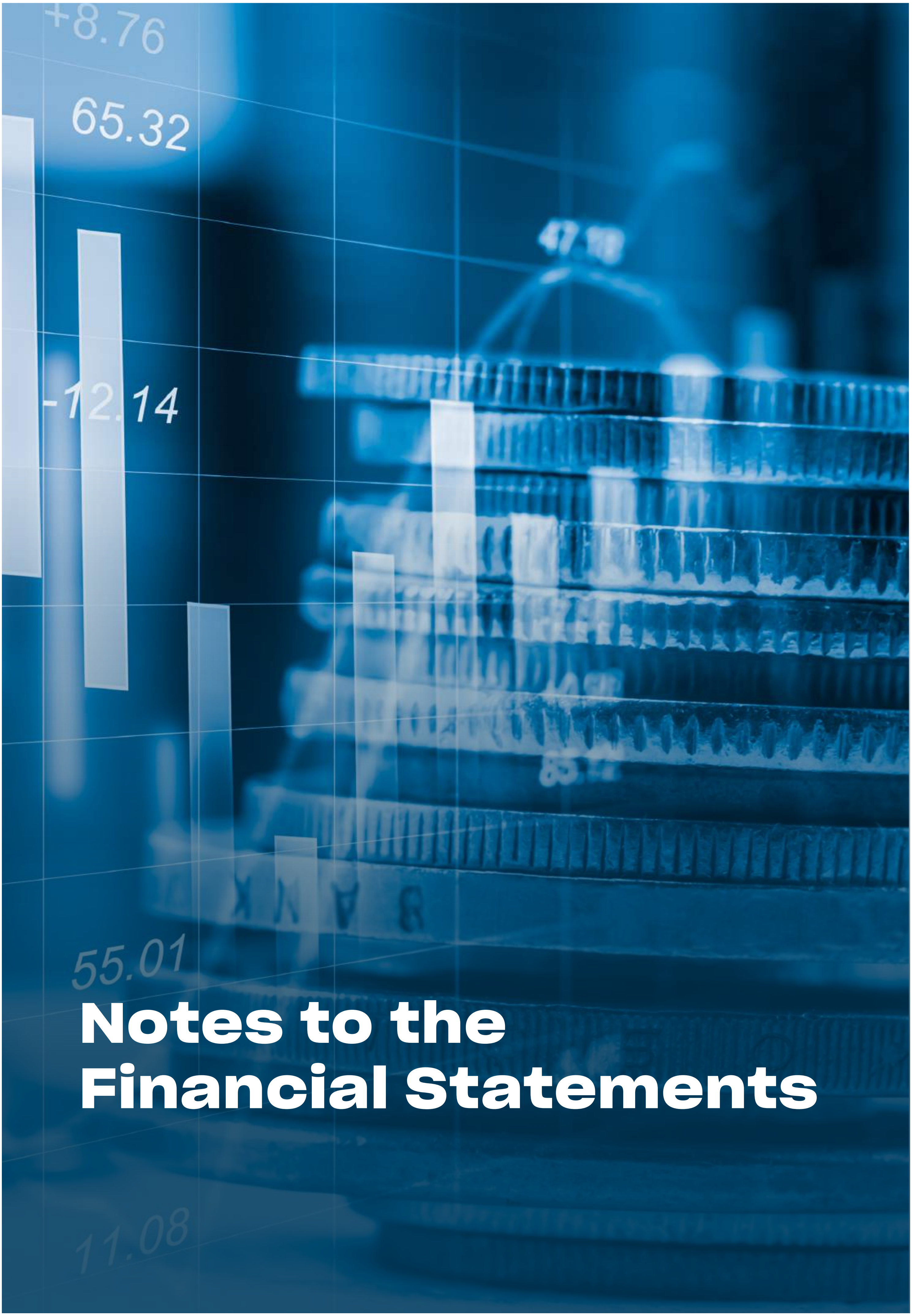
The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		149,120	57,131
Payments to suppliers and employees (inclusive of GST)		(64,123)	(55,302)
		84,997	**1,829**
Interest (paid)/ received		593	490
Income taxes (paid)/ refunds received		(7,537)	2,536
Net cash inflow from operating activities	20	**78,053**	**4,855**
Cash flows from investing activities			
Payments for property, plant and equipment		(158)	(164)
Payments for intangible assets		(6,121)	(2,150)
Net cash (outflow) from investing activities		**(6,279)**	**(2,314)**
Cash flows from financing activities			
Payments for leases		(650)	-
Net cash inflow/(outflow) from financing activities		**(650)**	**-**
Net increase in cash and cash equivalents		71,124	2,541
Cash and cash equivalents at the beginning of the year	7	36,079	33,538
Cash and cash equivalents at the end of the year	7	**107,203**	**36,079**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

Notes to the Financial Statements

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. eftpos Payments Australia Limited (the Company) is a for-profit entity for the purpose of preparing the financial statements.

i. Compliance with IFRS

The financial statements of the company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. Historical cost convention

The financial statements have been prepared on a historical cost basis.

iii. New and amended standards adopted by the Company

The Company has adopted the following standards for the first time for their annual reporting period commencing 1 July 2019;

AASB 16 Leases

The Company had to change its accounting policies as a result of adopting AASB 16. This is disclosed in note 1(v).

Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. This interpretation did not have a material impact on the Company's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the annual reporting period beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

iv. New standards and interpretations not yet adopted

There are no new standards or interpretations expected to have a material impact to the Company that have not yet been adopted.

v. Changes in accounting policies

On 1 July 2019, the Company adopted AASB 16 Leases (AASB 16), replacing the previous AASB 117 Leases (AASB 117). AASB 117 required leases to be classified as operating leases or finance leases according to their economic substance at inception of the lease. Finance leases were recognised on the Statement of Financial Position. Operating leases were not recognised on the Statement of Financial Position and rent payable was recognised as an expense over the lease term.

AASB 16 introduces a single accounting model for recognising and measuring lease arrangements. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under lessee accounting, AASB 16 requires all leases to be recognised on the Statement of Financial Position, unless the underlying asset is of low value or the lease has a term of 12 months or less. On 1 July 2019, the Company recognised a 'right-of-use asset' representing its right to use leased assets and a 'lease liability', measured as the present value of future lease payments. The Statement of Comprehensive Income includes depreciation of the right-of-use asset and interest expense on the lease liability over the lease term. The total lease expense recognised over the life of a lease remains unchanged as compared to AASB 117, however the timing of expense recognition has changed, with a higher expense recognised in the earlier stages of a lease due to the interest expense being determined on the lease liability that amortises over the lease term.

The Company has applied the simplified transition approach and has measured the right-of-use asset for the Company office premises at 45 Clarence Street, Sydney as if AASB 16 has always been applied. The resulting transition adjustments have been recognised in opening retained earnings. Under this approach no restatement to comparative information is required. Management judgement applied in determining these values includes the determination of whether an arrangement contains a lease, the term of the lease, the discount rate and future lease cash flows.

vi. Critical estimates, judgement and errors

Material estimates and judgements have been made in assessing the recoverable amount of the Company's intangible assets and the determination of useful lives over which the Company's intangible assets are amortised. The assessment of recoverable amount performed included consideration for the projected impact of the COVID-19 pandemic to the Company. Refer to note 1(h) for additional details.

b) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presenting currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates are generally recognised in profit or loss and presented on a net basis within other income or other expenses in the Statement of Comprehensive Income.

c) Revenue recognition

Revenue from contracts with customers is recognised in accordance with AASB 15 Revenue from Contracts with Customers (AASB 15) which introduced a single, principle-based five step recognition and measurement model.

The five steps are:

1 Identify the contract with a customer;

2 Identify separate performance obligations in the contract;

3 Determine the transaction price;

4 Allocate the transaction price to each performance obligations identified in step 2; and

5 Recognise revenue when a performance obligation is satisfied.

The Company has three main revenue / contra revenue streams: Scheme fees, Joining and Connection fees and Scheme fee refunds. Scheme fee and Connection fees are recognised in the month to which the service for transactions was provided. Joining fees are recognised when the Member lodges an application and qualifies to join.

Scheme fee refund expenditure is recognised as an offset against scheme fees earned or expected to be earned over the period of the contract or specific performance obligation within the contract. Performance obligations vary and may include transaction volume targets, capability builds, marketing, etc. The contracted performance period may span a range of financial years (12, 18 and 36 months). The refund is estimated using the most likely amount method which is based on the determination of Members (or Members customers) progress towards the satisfaction of contracted performance obligations and is apportioned over the period to which the revenue relates.

At the end of each reporting period, an assessment is performed to update the estimated transaction price and determine whether an estimate of variable consideration is constrained.

d) Income tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income based on the applicable income tax rate for Australia, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge and deferred tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia where the Company operates and generates taxable income. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax expenditure is recognised in the Statement of Comprehensive income.

e) Leases

On 1 July 2019, the Company adopted AASB 16 Leases (AASB 16), replacing the previous AASB 117 Leases (AASB 117). Further information can be found in note 1a(v).

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the fixed payments, less any lease incentives receivable.

The lease payments are discounted using the Company's incremental borrowing rate (4.5%), being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period.

Right-of-use assets are measured at cost comprising the following:

- amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the term of the lease on a straight-line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

The Company entered into a lease agreement for its office premises at 45 Clarence Street, Sydney on 1st May 2017. The lease is for a term of five years, expiring 30 April 2022. Rent is payable monthly in advance. Provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum.

At 30 June 2019, the Company had a closing Commitment relating to the office premises of $2.1m. Under AASB 16 the Company recorded a $1.99m lease liability at 1 July 2019. The difference between these two amounts represents the impact of discounting applied to the lease liability under AASB 16.

f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash at bank, deposits at call and term deposits which are readily convertible to cash (within 3 months) and are subject to an insignificant risk of changes in value.

g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. Generally, Scheme fees are invoiced in arrears within 28 days of the month end with settlement due within 14 days and are therefore all classified as current.

The Company has applied the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

The Company has considered expected credit losses which have been determined to be immaterial.

h) Property, plant and equipment

Property, plant and equipment is measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Depreciation rates used for plant and equipment range between 10% and 33% and reflect the expected useful life of the assets, typically:

Office Equipment and Furniture	3-10 years
Computer Hardware	3 years
Leasehold Improvements	5 years

The asset's residual value and useful life is reviewed, 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 carrying amount. These are included in the Statement of Comprehensive Income.

i) Intangible assets

Software Development costs include only the costs directly attributable to the build and test phase of the asset. Costs capitalised include external direct costs of materials and services directly related to the build and test phase. Amortisation is calculated using the straight-line method to allocate the cost, net of their residual value, over the estimated useful life. Amortisation rates used for Software Development costs range between 14% and 35% and reflect the expected useful life of the assets.

Software Development costs can include deferred consideration, where the asset is recognised in the current period, and payment is in a future period(s). Deferred consideration is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in deferred consideration due to the passage of time is recognised as interest expense.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development costs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment assessment has been performed as at 30 June 2020 as a result of significant changes, and potential future changes, in economic conditions as a result of the COVID-19 pandemic. No impairment loss was recognised as a result of the assessment. Refer to note 11 for further information.

j) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the reporting period and which are unpaid as at period end. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

k) Deferred consideration

Deferred consideration represents liabilities with deferred settlement, where the liability is recognised in the current period, and payment is in a future period(s). Payables with deferred settlement are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the deferred settlement cost due to the passage of time is recognised as interest expense.

l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

m) Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including employee related taxes, non-monetary benefits and annual leave, expected to be settled within 12 months after the end of the period in which employees render the related service. These amounts are measured at an amount the Company expects to pay when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii. Long-term obligations

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities at the end of each reporting period if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

iii. Bonus plans

The Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the performance of the overall Company. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

iv. Long term incentives

A long term cash incentive program vesting over 3 years is recognised in the financial statements. The obligation is recognised proportionately over the vesting period for which the long term incentive applies and is presented as a current liability.

v. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

o) Commitments

Contractual commitments made in the current and future period are disclosed in Note 18. The fair value of the current and future commitments are disclosed in the note.

p) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the “rounding off” of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2: Revenue from contracts with customers	2020 $'000	2019 $'000
Scheme, joining, connection and infrastructure fees	144,552	73,964
Member & merchant refunds	(69,445)	(18,371)
Interest income	704	521
	75,811	**56,114**

Note 3: Employee benefit expenses	2020 $'000	2019 $'000
Short-term employee benefits - non-project related	19,787	15,745
Short-term employee benefits - project related	5,150	3,854
Long-term employee benefits	363	131
Termination benefits	483	234
	25,783	**19,964**

Note 4: Product and implementation expenses	2020 $'000	2019 $'000
Project specific costs	3,802	2,211
Operate & run costs	13,099	12,405
	16,901	**14,616**

Note 5: Other expenses	2020 $'000	2019 $'000
Travel & entertainment expenses	454	595
Facility costs	390	1,111
Communication	1,639	990
Professional fees	2,434	2,154
Recruitment & other personnel expenses	1,108	1,255
Other expenses	704	656
	6,729	**6,761**

Note 6: Income tax expense	2020 $'000	2019 $'000
Profit from continuing operations before income tax expense	16,296	6,366
Tax at the Australian tax rate of 30% (2019: 30%)	4,889	1,910
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee expenses	850	154
Depreciation and amortisation	840	531
Accrued Member & merchant refunds	5,712	779
Sundry items	127	148
	12,418	**3,522**
Previously unrecognised tax losses now recouped to reduce current income tax expense	-	-
Current income tax expense	**12,418**	**3,522**
Unders/(overs) from prior year	566	(196)
Net movement in deferred tax liability	(7,367)	(1,556)
Total income tax expense	**5,617**	**1,770**

The balance of deferred tax assets and deferred tax liabilities comprises temporary differences attributed to:		
Employee provisions	(495)	(268)
Accruals	(8,251)	(1,630)
Property, plant and equipment	(46)	(49)
Deferred tax asset	**(8,792)**	**(1,947)**
Other deferred tax liability	273	15
Intangibles	1,631	2,412
Deferred tax liability	**1,904**	**2,427**
Net deferred tax liability/(asset)	**(6,888)**	**480**

Note 7: Cash and cash equivalents	2020 $'000	2019 $'000
Cash at bank	62,203	10,079
Term deposits	45,000	26,000
	107,203	**36,079**

Note 8: Trade and other receivables	2020 $'000	2019 $'000
Accrued revenue	11,514	10,765
Trade receivables	8,903	14,220
	20,417	**24,985**

The Company has performed an analysis of expected credit losses which have been determined to be immaterial.

Note 9: Property, plant and equipment	Furniture & fittings $'000	Leasehold improvements $'000	Computer equipment $'000	Total $'000
Year ended 30 June 2019				
Opening net book amount	54	514	83	651
Additions	64	260	161	485
Disposals	-	-	-	-
Depreciation charge	(11)	(248)	(90)	(349)
Closing net book amount	**107**	**526**	**154**	**787**
At 30 June 2019				
Cost	170	930	404	1,504
Accumulated depreciation	(63)	(404)	(250)	(717)
Net book amount	**107**	**526**	**154**	**787**
Year ended 30 June 2020				
Opening net book amount	107	526	154	787
Additions	73	-	85	158
Disposals	-	-	-	-
Depreciation charge	(42)	(186)	(78)	(306)
Closing net book amount	**138**	**340**	**161**	**639**
At 30 June 2020				
Cost	244	930	489	1,662
Accumulated depreciation	(105)	(590)	(328)	(1,023)
Net book amount	**138**	**340**	**161**	**639**

Note 10: Leases		
a) Amounts recognised in the Statement of Financial Position;	2020	1st July 2019 (1)
Right-of-use assets	$'000	$'000
Level 11, 45 Clarence Street, Sydney	1,165	1,800
	1,165	**1,800**

	2020	1st July 2019 (1)
Lease liabilities	$'000	$'000
Current	709	650
Non-current	637	1,347
	1,346	**1,997**

b) Amounts recognised in the Statement of Comprehensive Income;	2020	2019
	$'000	$'000
Depreciation charge of Right-of-use assets	635	-
Interest expense	77	-
	712	**-**

(1) Prior to 1 July 2019, the lease of property at Level 11, 45 Clarence Street, Sydney was classified as an operating lease. Under the adoption of AASB 16 Leases, from 1 July 2019, this lease was recognised as a Right-of-use asset and a corresponding liability was recognised. Further information can be found in note 1a(v).

Note 11: Intangible assets	Software development costs $'000
Year ended 30 June 2019	
Opening net book amount	21,169
Additions	2,151
Disposals	-
Depreciation charge	(5,628)
Closing net book amount	**17,692**
At 30 June 2019	
Cost	36,383
Accumulated depreciation	(18,691)
Net book amount	**17,692**
Year ended 30 June 2020	
Opening net book amount	17,692
Additions	6,121
Disposals	-
Depreciation charge	(5,734)
Closing net book amount	**18,079**
At 30 June 2020	
Cost	42,504
Accumulated depreciation	(24,425)
Net book amount	**18,079**

Software development costs consists of tokenisation and mobile software assets and the eHub. Further information is included in note 1(h).

As a result of significant changes, and potential future changes, in economic conditions as a result of the COVID-19 pandemic, an impairment assessment has been performed as at 30 June 2020. No impairment loss was recognised as a result of the assessment. The key assumptions on which management has based its cash flow projections are:

Cash flow forecasts

Cash flow forecasts are post-tax and are based on the most recent financial long range plan covering a period of three years. Financial projections are based on assumptions that represent management's best estimates.

Revenue growth rates

Annual volume growth rates over the three years of (1.7%), 15% and 16% have been used and are based on the latest long range plan. Member refund rates assume a similar gross margin level as in the year ended 30 June 2020.

Operating costs

Other operating costs are forecast based on the planned activity levels of the Company and include conservative inflationary increases.

Discount rates (pre-tax)

A pre-tax discount rate of 12% has been used. This reflects the risks associated in the cash flow forecast.

Sensitivity

The Company does not consider there to be a significant risk of the above assumptions changing such that a material adjustment to the carrying value of the asset is required.

Note 12: Trade and other payables	2020 $'000	2019 $'000
Trade payables	3,843	72
Member & merchant refunds payable	63,711	13,514
Accrued expenses	9,290	4,345
Other payables	530	814
	77,374	**18,745**

Note 13: Provisions	2020 $'000	2019 $'000
Current		
Employee benefits - current	1,384	729
	1,384	**729**
Non- current		
Employee benefits - non current	258	174
Make good provision	260	260
	518	**434**

Note 14:
Financial risk management

The Company's activities expose it to market risk, credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. During the reporting period, the company has assessed the risk position and no significant risks have been identified.

a) Market risk

i. Price risk

The Company does not hold any financial instruments which are subject to price risk.

ii. Cash flow, fair value and interest rate risk

The Company's main interest rate risk arises from its holdings of cash and term deposits. There is no material interest rate risk exposure on financial liabilities.

iii. Sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk. The analysis has been prepared by taking the balances of financial assets and liabilities at reporting date and calculating the sensitivity on profit and equity. The cash and term deposits have been analysed using a 1% increase/decrease in interest rates. It is considered that the 1% sensitivities are reasonably possible at year end.

Interest rate risk	Carrying amount $'000	-1% impact to profit after tax $'000	+1% impact to profit after tax $'000
At 30 June 2020			
Financial Assets			
Cash and cash equivalents	107,203	(1,072)	1,072
	107,203	**(1,072)**	**1,072**
At 30 June 2019			
Financial Assets			
Cash and cash equivalents	36,079	(361)	361
	36,079	**(361)**	**361**

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to eftpos Members, including outstanding receivables.

Risk management

For banks and financial institutions, only independently rated parties with a high quality rating are used for the holding of cash. If Members are independently rated, these ratings are used in assessing credit risk. Otherwise, if there is no independent rating, management assesses the credit quality of the Member, taking into account its financial position, past experience and other factors. Given the nature of Members and their associated credit ratings, the Company assesses its credit risk as low.

Trade receivables and accrued revenue	2020 $'000	2019 $'000
Counterparties with external credit ratings (Standard & Poor's - long term)		
AA-	15,785	19,572
A+	980	975
A	540	183
BBB+	1,205	1,715
BBB	1,112	1,655
	19,622	**24,100**
Counterparties without external credit ratings		
* Group 1	668	630
** Group 2	127	255
	795	**885**
Total Trade receivables and Accrued revenue subject to credit risk	**20,417**	**24,985**

* Group 1 – existing Members (more than 6 months) with no defaults in the past.

** Group 2 – other Debtors.

Cash at bank and short term deposits	2020 $'000	2019 $'000
(Standard & Poor's - long term)		
AA-	62,203	10,079
A+	45,000	-
A	-	26,000
	107,203	**36,079**

c) Liquidity risk

In order to monitor liquidity risk, the Company monitors forecasts of the Company's liquidity reserve based on expected cash flow.
The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Less than 6 months $'000	Greater than 6 months $'000
At 30 June 2020		
Trade and other payables	49,329	28,045
Deferred consideration	-	-
Lease liabilities	375	1,031
	49,704	**29,076**
At 30 June 2019		
Trade and other payables	18,745	-
Deferred consideration	-	1,056
Lease liabilities	-	-
	18,745	**1,056**

Note 15:

Key management personnel

Key management personnel are persons who make, or participate in making, decisions which affect the whole or a significant part of the business. Key management personnel include Executive Management and Directors. Nominee Directors are not remunerated.

	2020 $'000	2019 $'000
Directors fees	353	308
Short-term employee benefits	2,893	3,152
Other long-term benefits	600	186
Termination benefits	216	140
	4,062	**3,786**

Note 16:

Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices.

PricewaterhouseCoopers:	2020 $'000	2019 $'000
Audit of financial statements	193	173
Taxation services	1	6
Other services	3	42
	197	**221**

Note 17:

Contingent liabilities

The Company had no contingent liabilities as at 30 June 2020 (2019: $0).

Note 18: Commitments - Non cancellable operating leases	2020 $'000	2019 $'000
Within one year	-	727
Later than one year but not later than five years	-	1,406
After five years	-	-
	-	**2,133**

At 01 July 2019, the Company recorded a right-of-use asset for this lease.

Commitments - Marketing expenditure	$'000	$'000
Within one year	500	-
Later than one year but not later than five years	500	-
After five years	-	-
	1,000	**-**

The outstanding commitments at the end of the reporting period relate to marketing expenditure contracted for but not recognised as liabilities.

Note 19:
Related party transactions

Subsidiaries and associates
The Company does not have any investments in subsidiaries or associated entities.

Key management personnel compensation
Detailed remuneration disclosures are provided in note 15.

Transactions with other related parties
In the ordinary course of business, the majority of the Company's revenue generating activities are undertaken with Members of the Company.

The following transactions occurred with related parties:	2020 $	2019 $
Revenue with Members	144,527,344	73,970,540
Refunds to Members	68,199,861	18,045,601

Outstanding balances arising from revenue and refunds	2020 $	2019 $
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
Trade and other receivables with Members	20,323,822	24,891,352
Trade and other payables with Members	66,028,217	13,260,331

Terms and conditions
Transactions with Members are performed on commercial, arm's-length terms.

Note 20:

Reconciliation of profit after income tax to net cash inflow from operating activities	2020 $'000	2019 $'000
Profit for the year	10,679	4,596
Depreciation and amortisation	6,675	5,977
Non cash items:		
- Make good provision	-	(321)
- Member and merchant refund adjustment for AASB 15 (opening RE)	-	2,111
- Release of AASB 117 accrual	109	-
Change in operating assets and liabilities		
(Increase)/decrease in Trade receivables	4,568	(16,834)
(Increase) in Prepayments	(388)	(280)
Increase in Trade and other payables	58,629	5,708
(Decrease) in Deferred consideration	(1,040)	(1,025)
Increase/(decrease) in Provisions	739	617
Decrease/(increase) in Income tax provisions	(1,922)	4,306
Net cash inflow/(outflow) from operating activities	**78,053**	**4,855**

Note 21:
Events occurring after the reporting period

a) COVID-19 pandemic

The COVID-19 pandemic has created unprecedented economic and societal impacts and there remains significant uncertainty. At the reporting date a definitive assessment of the future effects of COVID-19 on the company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown. Management continue to monitor the situation.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and notes set out on pages 17 to 35 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, other mandatory professional reporting requirements as detailed above, and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; 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.

Note 1(a) (i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

L. Clapham

Chairman

Sydney

13 October 2020

Independent auditor's report

To the members of eftpos Payments Australia Limited

Our opinion

In our opinion:

The accompanying financial report of eftpos Payments Australia Limited (the Company) is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended;

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the Statement of Financial Position as at 30 June 2020
- the Statement of Comprehensive Income for the year then ended
- the Statement of Changes in Equity for the year then ended
- the Statement of Cash Flows for the year then ended
- the Notes to the Financial Statements, which include a Summary of significant accounting policies
- the Directors' Declaration.

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

Independence

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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Annual Financial Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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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 on the other information that we obtained prior to the date of this auditor's report, 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Josephine Hellstern
Partner

Sydney
13 October 2020

eftpos

Good for Australia

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