More than speed

Annual Report
2020–2021

New Payments Platform

NPP AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITY
ABN: 68 601 428 737
Financial Report For The Year Ended
30 June 2021

Vision

The leading open payments platform in Australia

Provides customers with a modern, digital way of making efficient payments that is always available, 24x7

Has ubiquitous reach with every transaction bank account in Australia able to make and receive NPP payments

Enables data-rich payments which supports processing and efficiency improvements across the economy, from small businesses through to government

Delivers capability that enables innovation, is reusable and extendable across all payment types from P2P payments through to B2B

Supports the ability for third parties to be able to initiate payments in a standardised, consistent and secure way

Supports different payment types (including both credit and debit-like messaging) to maximise volume and utility of the platform

New Payments Platform

Provides fair and open access to the platform to ensure wide and diverse participation

Fast facts

As of 30 June 2021

105
Participating Financial Institutions (including subsidiaries and sub-brands)

75.1mn
NPP reachable accounts (can make and/or receive NPP payments)

2,074,695
Average daily NPP transactions

757.3mn
Total number of transactions on the Platform

New Payments Platform

7.78mn
Number of registered PayIDs

$1,003
Average transaction size

$19.8bn
Largest single transaction across the NPP since launch

$759.6bn
Total value of NPP payments

Note: Transaction data for FY 2020/21; sourced from RBA Payments Statistics data series c06-1-hist; number of participating financial institutions and account reach data as of 30 June 2021; PayID data as of 5 July 2021; number of financial institutions accounts for organisations operating sub-brands/subsidiaries separately (including mergers during the period)

NPP October 2020 Roadmap

Delivering data-rich message standards

Structured data messages for superannuation, payroll, tax and e-Invoicing payments

Implemented

Enabling third party payment initiation

Customer authorised payments initiated by third parties

In progress

Supporting international payments

Safer, faster inbound international payments with complete payer information

Coming soon

We're enabling Australia's rapid acceleration to a digital economy.

Contents

Chair's report

With the NPP growing strongly, our focus has been on building the capability to ensure Australia has a national real-time payments infrastructure to take it into the future.

In the past 12 months the NPP has continued to play an important role in supporting the Australian economy to navigate the COVID19 pandemic.

The NPP's real-time capability has been critical for government departments making vital emergency relief payments, seven days a week, and in many cases less than an hour after an application has been being submitted. At the same time, the PayID functionality has been used by more small businesses that typically rely on payment on demand for their survival.

NPP Australia's vision remains to be 'the leading open payments platform in Australia', achieved through four strategic imperatives: reach and performance; developing new capabilities; driving volume; and supporting access and market participation. In the past year we have seen more evidence of this strategy's success.

Our reach has grown substantially, with more than 75 million Australian bank accounts able to make and/or receive payments via the NPP by the end of June 2021. Close to 29% of all account-to-account credit payments are now processed on the NPP. In terms of domestic retail bank accounts, all banks in Australia now participate in the NPP apart from one regional and four small financial institutions.

With the NPP growing strongly, our focus has been on building the capability to ensure Australia has a national real-time payments infrastructure to take it into the future. PayTo is an undeniable centrepiece of the NPP Roadmap, and this year a phenomenal amount of work has continued to bring this service to life.

From a volume perspective, work continues to support the migration of Direct Entry payments to the NPP. We are starting to see corporates tap into the NPP to create better experiences for their customers, while benefiting from more efficient working capital management, access to real-time data and overall process efficiencies.

In terms of access and market participation, we continue to encourage broad participation through a range of different access options to suit organisations' diverse needs. At the time of writing this report we approved our newest NPP Participant. During this reporting period, five organisations joined the NPP by indirectly connecting via a sponsoring organisation and one organisation by connecting directly.

In sad news, this year saw the passing of independent director Chloe Munro AO. While Chloe privately battled illness, she remained unflaggingly positive and a significant contributor to our Board. I would like to formally acknowledge her invaluable contribution to NPP Australia Limited and express deepest condolences to her family and friends.

I would also like to acknowledge the NPP Australia directors for their ongoing support and focus throughout the year. In particular, thank you to outgoing director Scott Southall for his invaluable service and contribution, and I welcome Linda Da Silva who joined us this year.

In terms of the future, an efficient, innovative and competitive Australian payments system is vital for consumers and businesses, both large and small. I am confident that the NPP will continue to grow and influence the shape of future Australian payments as part of a stronger and even more adaptive system under the newly created Australian Payments Plus, the new amalgamated entity of BPAY Group, eftpos and NPP Australia.

Bob McKinnon

CEO's report

We have fostered a flexible environment through which the NPP Australia team have continued to perform, and I am proud of how our small team has continued to achieve so much.

In the past financial year, the NPP has continued its growth trajectory. It has processed an average of 2.1 million daily payments worth a total of $759.6 billion[1]. This is an increase of 84.0% and 83.6% respectively from the same time last year.

We continue to onboard new participating organisations using the platform - either directly or indirectly - and it's been great to see the regular rhythm of NPP "welcomes" and the positive reaction they receive on social media platforms such as LinkedIn.

Nearly every week we engage with organisations across market segments such as superannuation, payroll and einvoicing. This includes cloud accounting, software providers and government departments that are developing plans or have already commenced using the NPP to improve their payments speed and processes.

At the close of the financial year there were 7.8 million PayIDs registered, and we've seen more businesses use PayID during the COVID19 pandemic to enable real-time contactless payments. We have shared some of these stories via social media to show the benefits PayID can bring to the small business community.

In October and April, we published updated NPP Roadmaps, articulating the capability development work that will shape the future of the Australian payments landscape.

In the April roadmap we unveiled PayTo as the market facing name of the Mandated Payments Service. The payments industry has reacted very positively to PayTo with the service being incorporated into a growing number of organisations' roadmaps. These organisations eagerly await the introduction of the service, which, despite the challenges presented by COVID19, remains on track to commence roll-out from mid-2022.

At the same time, we are working with stakeholders in our industry to see how PayTo could be used to enable financial institutions to meet their potential Consumer Data Right obligations, something that was referenced in the Future Directions of the Consumer Data Right report.

We have continued to focus on delivering NPP Business Services which will enable organisations to use the NPP's native capabilities to develop their own product and services for their customers 'outside' the Platform, driving competition and innovation 'at the edges'.

From April this year, participating financial institutions have been able to receive NPP payment messages formatted with additional data elements for payroll, tax, superannuation and e-invoicing. These standards define how data is carried with a payment to ensure consistent end-to-end transmission, which is vital for supporting B2B payments more likely to be generated by systems rather than by individuals.

QR Codes have experienced a significant uptake in acceptance as a key tool in our battle against COVID19. Ensuring the ecosystem is positioned well against this backdrop of increased use, we are working with the industry to ensure interoperability and extending our QR code standard to cater for elements such as loyalty and the PayTo service.

Like all businesses around the world, NPP Australia has continued to adapt to the challenging conditions presented by the COVID19 pandemic. We have fostered a flexible environment through which the NPP Australia team have continued to perform, and I am proud of how our small team has continued to achieve so much.

Adrian Lovney

1. As reported in the RBA Payments Statistics data series c06-1-hist

Directors' report

The directors present their report on NPP Australia Limited (NPPA or the Company) for the year ended 30 June 2021.

The names of the directors in office at the date of this report are set out below, together with particulars of their qualifications, experience and special responsibilities.

Bob McKinnon

BCom, CA, MAICD
Chair (Independent)

Bob McKinnon's appointment as Chair of NPP Australia's Board of Directors commenced in January 2019. Bob is a co-founder and director of Mirin Group and holds a number of board positions, including the roles of Non-executive Director and Chair of the Audit and Risk Committees at Sydney Metro, AMP Capital Funds Management and AMP Investment Services.

Having worked as Chief Information Officer both for Commonwealth Bank of Australia and Westpac Banking Corporation Limited, Bob has extensive experience in financial services, technology, and large-scale transformation initiatives. Bob has also held various executive leadership roles at Brookfield Multiplex, State Street and Lend Lease.

Appointed as Independent Chair on 21 January 2019. Member of the Audit Finance and Risk Committee, NPP Governance Committee and People and Culture Committee.

Adrian Lovney

LLB (Hons), MBA

Adrian Lovney is Chief Executive Officer of NPP Australia, having commenced in the position in September 2016. Prior to joining NPP Australia, Adrian was General Manager, Product & Service at Cuscal, where he was responsible for all product management and operational functions, marketing, sales, and client service. Adrian has an Honours degree in Law from Queensland University of Technology, an MBA from Melbourne Business School and has completed the Advanced Management Program at Harvard Business School.

Adrian is also a member of the Australian Payments Council.

Appointed as a director on 5 September 2016. Member of the Audit, Risk and Finance Committee and NPP Governance Committee.

Directors' Report continued

Linda Da Silva
(BEcon, CPA)

Linda Da Silva has been ING Australia's Chief Information Officer since December 2019. Prior to this, she held a number of senior leadership roles at Westpac Banking Corporation spanning the Consumer Bank, Group Operations and Enterprise Services, including CIO of BT Financial Group.

Linda has held IT consulting and leadership roles in Australia, Asia, Middle East and the UK, working across many industries to deliver large-scale transformation programs. She holds a Bachelor of Economics degree and is a CPA.

Appointed as a director on 21 October 2020. Chair of the Audit Finance and Risk Committee.

Nigel Dobson
BEcon

Nigel Dobson is Banking Services Portfolio Lead at ANZ, responsible for developing and implementing the group's Payments platform strategy.

The Banking Services portfolio has responsibility for developing and implementing ANZ's payment platform strategy, supporting the enterprise and ANZ's partners. Banking Services is also responsible for delivering ANZ's response to Open Banking in Australia and shaping ANZ's business services strategy to meet the demands of an open data economy.

Nigel also leads the bank's Blockchain strategy and associated activities, including fostering partnerships and industry pilots. Prior to this role, Nigel spent 4 years in senior Transaction Banking roles at ANZ, including Global Head of Payments and Cash Management and Global Head of Transaction Banking Products. Nigel joined ANZ in July 2009 from Citi in Hong Kong where he was Regional Head of Trade and Transaction Services.

Nigel is also Chair of Lygon 1B, a digital bank guarantee start-up, a member of the Australian Payments Council and a Fellow of Blockchain Australia.

Appointed as a director on 16 December 2014. Member of the Strategy Committee.

Tony Graham
BCom

Tony joined Macquarie Group in 1998 and is currently Head of Product and Technology in the Banking & Financial Services Group which is responsible for retail banking, business banking, wealth management and motor vehicle leasing.

Prior to joining Macquarie, Tony spent ten years as an IT Consultant with Accenture specialising in large technology change programs for retail financial institutions and government departments (taxation).

Tony currently serves as Chairman of the Board for Macquarie Equities Limited. He is a member of the Executive Committee for Macquarie's Banking and Financial Services Group.

Appointed as a director on 21 December 2019. Member of the Audit Finance and Risk Committee.

Elizabeth Hallett
BCom, LLB., GAICD, GAIST (Independent)

An experienced non-executive director in regulated sectors including in the financial services and infrastructure sectors, Elizabeth was appointed to the NPP Australia Board in February 2020. She is also a non-executive director of Sunsuper (a public offer superannuation fund with more than $90 billion under management), Lynch Group Limited (ASX : LGL), the Civil Aviation Safety Authority and NSW Land Registry Services.

Elizabeth is a current reappointed member of the Takeovers Panel. She also sits on the Advisory Committee of The John Sample Group.

Prior to this, Elizabeth was a corporate partner with an international law firm for 22 years, where she held global and national leadership roles.

Appointed as an independent director on 6 February 2020. Chair of the NPP Governance Committee and a member of the People and Culture Committee.

Directors' Report continued

Craig Kennedy
MBA, GAICD, FFIN

Craig Kennedy is Managing Director, Cuscal Limited. Craig is responsible for all day-to-day company operations, including corporate strategy and direction. Craig has more than 35 years in domestic and international retail banking with particular expertise in digital banking and payments. Prior to joining Cuscal, Craig served as Managing Director of Espreon Limited and was also Head of Direct Banking at ING.

Craig is a fellow of FINSIA and a member of the Australian Payments Council.

Appointed as a director on 16 December 2014. Chair of the Strategy Committee.

Albert Naffah
BCom, LLB

Albert has over 20 years' experience in financial services across general management, strategy, business development, corporate and regulatory affairs, and operations. Albert has significant experience in Australia, New Zealand and the US at CBA, Mastercard and Westpac.

Albert is the newly appointed Chief Executive Officer of CommBank Health. Prior to his appointment Albert was the General Manager of Payments and Data Economy at CBA where he was responsible for shaping the Bank's payments strategy, managing the retail and business payments product suite and industry and regulatory engagement. Albert's remit has included the commercialisation of emerging technology such as the New Payments Platform, APIs, open banking and mobile payments.

Appointed as a director on 6 June 2018. Member of the Strategy Committee.

Michael O'Shea
BBus, MAICD

Michael has more than 20 years' experience in Financial Services including roles in Superannuation, Internal Audit, Retail Operations and Customer Strategy. In his current role, Michael has overall responsibility for Payments Product Development, Compliance, Operations and Support for Cards, Merchant Acquiring, ATMs, Payments, and Mobile and Electronic Banking. Michael is the business sponsor for Bendigo and Adelaide Bank Limited "Up" Digital Banking initiative.

Michael is also an alternate director of Australian Payments Network Limited.

Appointed as a director on 18 October 2018. Member of the People and Culture Committee.

Rachel Slade
BEcon (Hons)

Rachel Slade was appointed to the role of NAB's Group Executive, Personal Banking, in June 2020.

Previously, Rachel was Chief Customer Experience Officer with overall responsibility for delivering exceptional service for the bank's customers, and Executive General Manager Deposits and Transaction Services, leading the development of products and payments solutions for retail, business and corporate and institutional customers.

Rachel joined NAB from Westpac at the start of 2017, where for more than 10 years she held a number of senior executive roles including leading the global transactional services business and the customer-led transformation in the retail and business bank. Prior to joining Westpac, Rachel worked as a financial services strategy consultant with Andersen Consulting.

Rachel holds a Bachelor of Economics (Hons) from Macquarie University, is a graduate of the Australian Institute of Company Directors and a graduate of the Harvard Business School's Women's Leadership Program.

Rachel is also a member of the Australian Payments Council.

Appointed as a director on 8 May 2017.

Jim Tate
MCom, BCom, FCPA, FAICD

After an early career in accounting and tax, Jim Tate joined Bank of America in 1979 and Westpac Banking Corporation in 1988.

Jim led both Westpac's New York and London branches before taking over Westpac's AGC, negotiating its successful sale to GE.

Further positions included: Chief Financial Officer, Westpac Institutional Bank, Chief Product Officer, Westpac Group, Chief Operating Officer, Westpac New Zealand Limited and, since 2015, Chief Product Officer, Business.

Jim is, currently, an Advisor for the Westpac Group, an alumnus of the University of New South Wales and a Fellow of both CPA Australia and Australian Institute of Company Directors.

Appointed as a director on 13 February 2020. Member of the Strategy Committee.

Directors' Report continued

Alternate Directors

Jaqueline Kallman[1]
appointed 8 October 2021

Michael Witts[2]
appointed 21 October 2020

Company Secretaries

Details of company secretaries in office at the date of this report (or holding office during the year) and each company secretary's qualifications and experience are set out below.

Vanessa Chapman

BA(Econ) /LLB (UNSW), LLM (UNSW), GAICD

Appointed as Company Secretary on 22 November 2016. Resigned as Company Secretary on 20 August 2021.

Patricia Chen

GCert BA

Appointed as Company Secretary on 27 June 2017.

Director resignations during the year

The following directors retired since the end of the last financial period (30 June 2020) with the retirement dates as indicated:

Directors

Chloe Munro AO
22 June 2021 (see tribute on page 17)

Scott Southall
21 October 2020

Greg Johnston
9 September 2021

Alternate directors

John Collins
17 August 2020

Peter Gallagher
19 March 2021

1. J Kallman was appointed as alternate director to N Dobson
2. M Witts was appointed as alternate director to L Da Silva

In memoriam

Chloe Munro AO

The Board and leadership team of NPP Australia Limited acknowledges with deep sympathy the passing of independent director Chloe Munro AO on 22 June 2021, following illness.

Chloe joined NPP Australia's Board in February 2018 and was appointed Chair of the Audit, Finance and Risk Committee and a member of the NPP Governance Committee.

As an independent director of NPP Australia, Chloe brought deep intellect, extensive expertise and strategic insight combined with a forthright willingness to contribute her views.

We were incredibly proud when Chloe was recognised as a nominee for the AFR 100 Women of Influence award for her leadership and contribution to public policy in Australia's energy industry and the arts.

While she privately battled illness, Chloe remained unflaggingly positive and a significant contributor to NPP Australia's Board.

We would like to formally acknowledge Chloe's invaluable contribution to NPP Australia Limited during her time on our Board, and express deepest condolences to her family and friends.

Directors' Report continued

Directors' meetings

The number of Board meetings and meetings of Committees during the year the Director was eligible to attend, and the number of meetings attended by each Director were:

	Board		Audit Finance & Risk Committee		NPP Governance Committee		People & Culture Committee		Strategy Committee	
	A	B	A	B			A	B	A	B
Linda Da Silva[1,4]	5	5	2	2						
Nigel Dobson	8	8							5	5
Tony Graham	8	8	4	4						
Elizabeth Hallett	8	8			7	7	5	5		
Greg Johnston	7	7					6	6		
Craig Kennedy	8	8							5	5
Adrian Lovney	8	8	4	4	7	7	6	6	5	5
Robert McKinnon	8	8	4	4	7	7	5	5	5	5
Chloe Munro[2]	7	7	3	3	5	5				
Albert Naffah[7]	8	8							5	4
Michael O'Shea[5]	8	8	2	2			2	2		
Rachel Slade[8]	8	7								
Scott Southall[3]	3	3							1	1
Jim Tate	8	7							5	5

Columns marked A indicate the number of meetings the director was eligible to attend.

Columns marked B indicate the number of meetings attended. The Chair and CEO attend meetings of Strategy Committee as an observer. The CEO attends the meetings of the People & Culture Committee as an observer.

The NPP Governance Committee is comprised of the Independent Directors of the Board and the CEO.

1. Linda Da Silva was appointed as a Director on 21 October 2020
2. Chloe Munro ceased to be a Director on 22 June 2021
3. Scott Southall ceased to be a Director on 21 October 2020
4. Linda Da Silva was appointed to the Audit Finance and Risk Committee on 2 December 2020, and subsequently as Chair on 19 July 2021
5. Michael O'Shea retired from the Audit Finance and Risk Committee on 2 December 2020
6. Peter Gallagher attended one meeting on behalf of Greg Johnston
7. Lynda McMillan attended one meeting on behalf of Albert Naffah
8. Shane Conway attended one meeting on behalf of Rachel Slade

Principal activities

The principal activity of the Company is the management and operation of the New Payments Platform (NPP) which is Australia's real-time payments infrastructure. It provides Australian consumers, businesses and government agencies the ability to make and receive fast data-rich payments between bank accounts every day of the year. The NPP has been developed collaboratively by NPP Australia and 13 leading financial institutions.

The three key pillars of NPP Australia's operations are:

a. Operate;
b. Grow via Participants and third party use of the platform supported by the development of NPP Business Services; and
c. Governance of the rules and regulations established to manage the platform, and ongoing compliance and monitoring activities.

Access to the NPP

NPP Australia aims to operate the NPP in a manner that promotes the public interest, including facilitating fair access to the NPP as mutually owned utility infrastructure and ensuring ongoing investment in the NPP to meet the changing needs of financial institutions and users of the Australian payments system.

The NPP has been intentionally designed to be 'open access', encouraging broad participation across the payments ecosystem. Access arrangements for the NPP have been deliberately structured to be inclusive and to maximise the opportunities for different types of entities with different business objectives to access the capabilities of the NPP.

There are six ways for organisations to access the NPP:

1. NPP Full Participant
2. NPP Settlement Participant
3. Identified Institution
4. Connected Institution
5. Overlay Service Provider
6. End user or customer of a participating financial institution (NPP Full Participant, NPP Settlement Participant or Identified Institution)

For more information on access please visit "Accessing the Platform" on the Company's website.

Directors' Report continued

Applications for access in FY 2021

During the last financial year (for the period from 1 July 2020 to 30 June 2021), NPP Australia has accepted one application for direct access from an applicant seeking to become an NPP Full Participant and issued NPPA shares to that applicant, who is currently seeking further regulatory approvals from another organisation. Additionally, during this period, five organisations have come on board indirectly as Identified Institutions, indicating that this has been the preferred route for many organisations to access the NPP. As at the time of this report, there are currently 105 organisations participating in the NPP, either as NPP Participants or as Identified Institutions (including sub-brands and subsidiaries). There are over 75.1 million accounts that can make and/or receive NPP payments, enabling many consumers, businesses and government agencies to realise the benefits of the NPP as customers of their participating financial institution.

NPP Wholesale Transaction Cost

NPP Australia is a mutually owned utility and operates on the guiding principle of being economically self-sustaining (and not profit-maximising), aiming to recover its operating costs based on a wholesale unit transaction cost which is charged to NPP Participants.

At the time of this report, NPP Australia has not established a wholesale transaction fee on a per transaction basis as current transaction volumes do not support the determination of a fee that would incentivise usage of the platform. Rather than paying on a per transaction basis, NPP Participants have made equitably calculated contributions to cover NPP Australia's operating costs.

Based on the organisation's sales revenue of $43.6m and settled transaction volumes of ~543 million (defined as 'off-us' transactions occurring across the Platform) for the financial year, the implied break-even wholesale transaction cost would have been ~$0.08 for the period. As a straight average, this implied cost masks a number of variations:

- This figure is a straight average over a 12 month period during which transactional volumes were ramping up. The implied cost is trending downwards as transaction volumes increase.
- Further, the implied wholesale transaction cost for each NPP Participant may be higher or lower than the industry average, depending on how many NPP transactions they have sent or received.
- In addition, the NPP wholesale transaction cost is one of many input costs for financial institutions, including those levied by Overlay Service Providers, in some cases by payment service providers, and also by the RBA for the usage of the Fast Settlement Service.

Results

The net profit for the year ended 30 June 2021 was $4,204,176 (2020: $4,001,437).

Dividends

No dividends were proposed or paid in respect of the period since incorporation to 30 June 2021.

Review of operations

During the financial period the Company continued to oversee the operation, management and governance of the NPP.

Significant changes in the state of affairs

The section below *likely developments and expected results of operations* sets out the matters that are expected to have an impact on the future operations. Other than this matter, there were no significant changes in the state of affairs of the Company during the 2020 - 2021 financial year.

Likely developments and expected results of operations

In 2021-2022 NPP Australia Limited will continue to be responsible for the operation of the NPP. The Company remains focused on working with the payments community (ranging from major banks, regional and international banks, payments aggregators to FinTech start-ups) to encourage usage of the platform and the development of native capability to further enhance the platform's functionality.

Following the RBA's Review of Retail Payments Regulation (published 29 November 2019), the NPP Australia Board and shareholders considered that there was merit in exploring the potential consolidation of domestic schemes and organisations into a single entity.

A wholly owned subsidiary company, Industry Committee Administration Pty Ltd (ABN 91 641 558 250) (**ICA**), was incorporated on 15 June 2020, to establish a governance framework for a committee (Industry Committee) to be established for the purpose of considering and making non-binding recommendations as to whether and how best the objects of the industry-owned payments companies might be served by a merger or amalgamation of NPP Australia, Eftpos Payments Australia Limited and the BPAY Group companies (subject to obtaining authorisation or approval from the Australian Competition and Consumer Commission), taking into account the respective interests of their constituent shareholders, stakeholders and the public interest. ICA was established as a special purpose contracting entity for the purposes of coordinating this activity. The summary of ICA's financial information has been included the consolidated financial statements.

Directors' Report continued

Following extensive consultation and analysis of the merits of establishing a new holding company and group structure, subject to ACCC authorisation or approval, with each of the three companies becoming a wholly owned subsidiary of the new holding company, Australian Payments Plus Limited, the Industry Committee made a non-binding recommendation in favour of the proposition (Proposed Transaction).

On 10 December 2020, the three companies executed the Implementation Agreement obliging each of them to progress the Proposed Transaction and to procure the satisfaction of the conditions precedent to completion, including obtaining ACCC authorisation or approval, and in the case of each of the companies, taking the corporate actions and procuring the member approvals necessary for completion of the Proposed Transaction.

Matters subsequent to the end of the financial year

As discussed above, on 10 December 2020, NPP Australia Limited executed an Implementation Agreement to amalgamate with BPAY Group Holding Pty Ltd and eftpos Payments Australia Limited under a holding company (Australian Payments Plus Ltd), with the principal condition precedent to completion of the amalgamation being the granting of ACCC merger authorisation.

Final authorisation was provided by the ACCC on 9 September 2021.

Accordingly, NPP Australia Limited will become a wholly-owned subsidiary of Australian Payments Plus Limited, with existing NPP Australia Limited shareholders (with the exception of the Reserve Bank of Australia) receiving shares in Australian Payments Plus Limited.

Other than this matter, no matters or circumstances have arisen that would significantly affect or may significantly affect:

1. the operations in future financial years; or
2. the results of those operations in future financial years; or
3. the state of affairs in future financial years.

Environmental regulation

The Company is not subject to any significant environmental regulation in respect of its activities.

Remuneration policy

During the last financial year (for the period from 1 July 2020 to 30 June 2021), no director of the Company has received, or has become entitled to receive, a benefit other than:

1. the independent Chair, Robert McKinnon and independent Directors, Elizabeth Hallett and Chloe Munro, as included in Note 4 of the financial statements;
2. the CEO receives remuneration in his capacity as an Executive of the organisation, but is not entitled to be remunerated in his capacity as a Director of the Company; and
3. the benefit of the indemnity described below.

Indemnification of officers and auditors

The *Corporations Act 2001* prohibits a Company from indemnifying directors, secretaries, executive officers and auditors from liability except for liability to a party, other than the Company 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. An indemnity for officers or employees, who are not directors, secretaries or executive officers, is not expressly restricted by the Corporations Act 2001.

Article 18.1 of the Company's Constitution provides in effect that every person who is or has been a director or secretary of the Company is entitled to be indemnified by the Company against any liabilities and expenses incurred by that person relating to that person's position with the Company other than to the extent prohibited by statute.

The directors of the Company, secretaries and eligible officers of NPP Australia have the benefit of the indemnity in Article 18.1.

Insurance

During the financial period 1 July 2020 to 30 June 2021 the Company paid a premium under a contract insuring each of the directors, secretaries and eligible officers of the Company. 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.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

On behalf of the directors

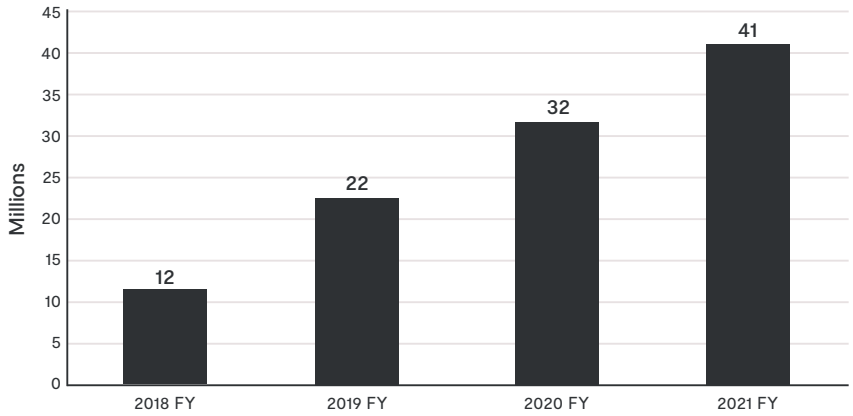
R McKinnon
Chair

A Lovney
Chief Executive Officer

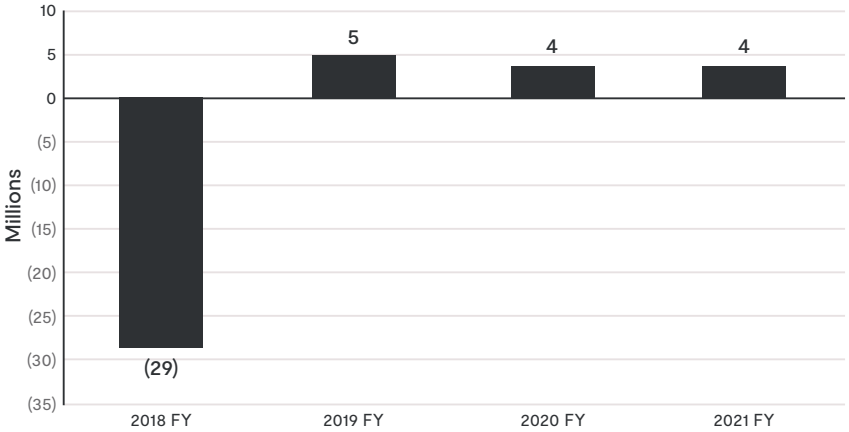
Date: 16 September 2021
Sydney

Cash Balances

at 30 June

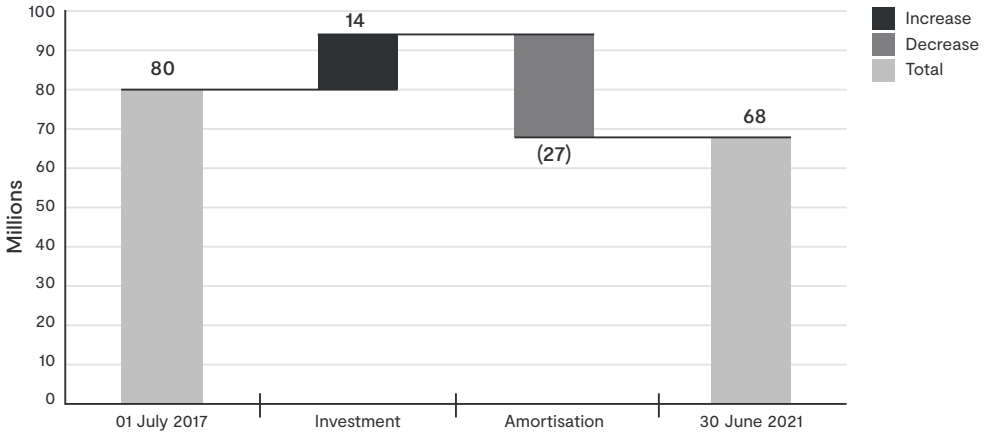


Earnings Before Interest & Tax



Investments in Payment and Instrastructure

For the period 01 July 2017 – 30 June 2021



Audit
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Auditor's Independence Declaration

To the Directors of NPP Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of NPP Australia Limited for the year ended 30 June 2021, 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M R Leivesley
Partner - Audit & Assurance

Sydney, 16 September 2021

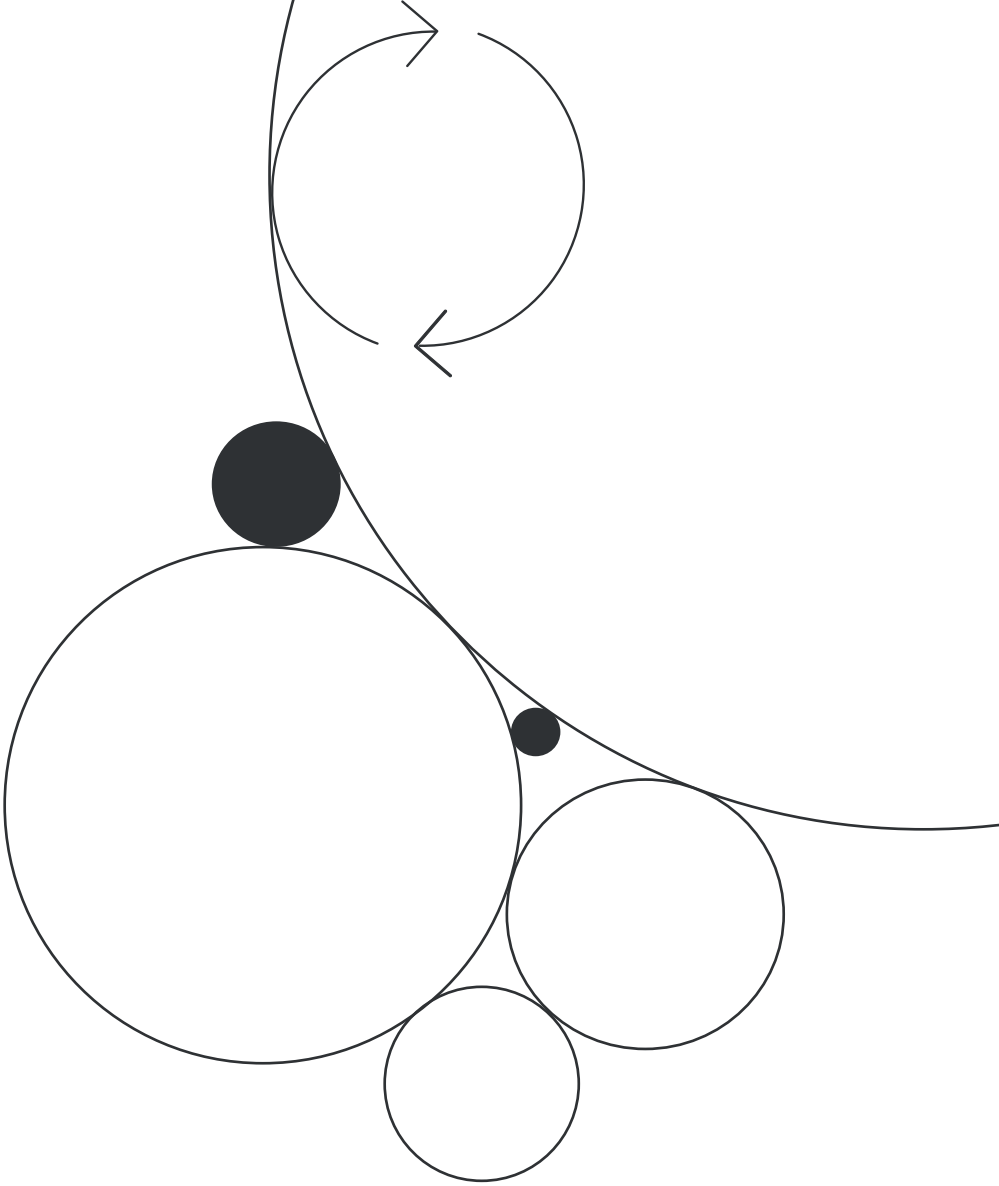
Financial report

This financial report covers NPP Australia Limited (NPPA or the Company) as an individual entity.

NPPA is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

NPP Australia Limited
Level 9, 420 George Street
Sydney, NSW 2000



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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

		Consolidated Group	
		2021	2020
	Note	$	$
Revenue	2	43,587,870	43,899,999
Other income	2	6,295,778	492,833
Employee benefits expense		(5,258,841)	(4,748,053)
Occupancy expenses		(52,059)	(51,234)
Administration expenses		(122,682)	(187,442)
Amortisation of intangible assets		(8,234,175)	(8,234,051)
Depreciation of property, plant and equipment		(177,404)	(172,273)
Professional service fees		(1,334,507)	(1,632,087)
Committee Administration costs		(5,750,621)	-
Governance fees		(5,853)	(2,613)
Marketing costs		(159,603)	(78,391)
IT Expenses		(24,342,430)	(25,042,841)
Insurance		(230,029)	(220,127)
Finance costs		(11,268)	(22,283)
Profit before income tax		**4,204,176**	**4,001,437**
Tax expense	3	-	-
Net Profit for the year		**4,204,176**	**4,001,437**
Total comprehensive income for the year		**4,204,176**	**4,001,437**

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2021

	Note	Consolidated Group 2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	6	42,580,312	31,609,655
Trade and other receivables	7	405,693	217,326
Other assets	11	12,074,607	11,752,514
Total current assets		**55,060,612**	**43,579,495**
Non-current assets			
Property, plant and equipment	8	84,861	102,637
Right-of-use assets	9	74,080	222,241
Deferred tax assets	3	12,116,076	8,347,947
Intangible assets	10	67,769,276	71,298,423
Total non-current assets		**80,044,293**	**79,971,248**
Total assets		**135,104,905**	**123,550,743**
LIABILITIES			
Current liabilities			
Trade and other payables	13	6,261,753	2,480,824
Contract liabilities	14	1,426,436	1,291,950
Lease liabilities	15	84,927	178,229
Total current liabilities		**7,773,116**	**3,951,003**
Non-current liabilities			
Trade and other payables	13	66,098	208,047
Lease liabilities	15	-	84,927
Deferred tax liabilities	3	12,102,696	8,347,947
Total non-current liabilities		**12,168,794**	**8,640,921**
Total liabilities		**19,941,910**	**12,591,924**
Net assets		**115,162,995**	**110,958,819**
EQUITY			
Issued capital	16	134,800,000	134,800,000
Retained earnings		(19,637,005)	(23,841,181)
Total Equity		**115,162,995**	**110,958,819**

The accompanying notes form part of these financial statements.

Financial report continued

Statement of Changes in Equity for the year ended 30 June 2021

	Note	Redeemable Preferred Shares $	Retained Earnings $	Total $
Consolidated Entity				
Balance at 1 July 2019		**134,800,000**	**(27,842,618)**	**106,957,382**
COMPREHENSIVE INCOME				
Profit for the year			4,001,437	4,001,437
Total comprehensive income for the year		**-**	**4,001,437**	**4,001,437**
Balance at 30 June 2020		**134,800,000**	**(23,841,181)**	**110,958,819**
Balance at 1 July 2019		**134,800,000**	**(23,841,181)**	**110,958,819**
COMPREHENSIVE INCOME				
Profit for the year			4,204,176	4,204,176
Total comprehensive income for the year		**-**	**4,204,176**	**4,204,176**
Balance at 30 June 2021		**134,800,000**	**(19,637,005)**	**115,162,995**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2021

	Note	Consolidated Group 2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		53,503,300	48,173,950
Payments to suppliers and employees		(38,396,268)	(35,221,118)
Interest received		158,796	426,060
Revenue non-operating		660,628	63,038
Net cash generated by operating activities	19	**15,926,456**	**13,441,930**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Intangible assets		(4,705,027)	(3,914,692)
Purchase of property, plant and equipment		(11,469)	(75,582)
Net cash (used in)/generated by investing activities		**(4,716,496)**	**(3,990,274)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(239,303)	(229,054)
Net cash provided by/(used in) financing activities		**(239,303)**	**(229,054)**
Net increase/(decrease) in cash held		10,970,657	9,222,602
Cash and cash equivalents at beginning of financial year		31,609,655	22,387,053
Cash and cash equivalents at end of financial year	6	**42,580,312**	**31,609,655**

The accompanying notes form part of these financial statements.

Financial report continued

Notes to the Financial Statements for the year ended 30 June 2021

These consolidated financial statements and notes represent those of NPP Australia Limited and its Controlled Entity (the 'Consolidated Group' or 'Group').

The separate financial statements and notes of NPP Australia Limited have been presented within this financial report as an individual parent entity ('Parent Entity').

The financial statements were authorised for issue on 16 September 2021 by the directors of the Company.

Note 1: General Information and Summary of Significant Accounting Policies

Board of Directors	
Robert McKinnon	Independent Chair
Linda Da Silva	ING Bank (Australia) Limited
Michael O'Shea	Bendigo and Adelaide Bank Limited
Jim Tate	Westpac Banking Corporation
Nigel Dobson	Australia and New Zealand Banking Group Limited
Craig Kennedy	Cuscal Limited
Adrian Lovney	NPP Australia Limited
Albert Naffah	Commonwealth Bank of Australia
Tony Graham	Macquarie Bank Limited
Rachel Slade	National Australia Bank Limited
Elizabeth Hallett	Independent

Alternate Directors	
Kate Byrne	Bendigo and Adelaide Bank Limited
Shane Conway	National Australia Bank Limited
Michael Witts	ING Bank (Australia) Limited
Jacqueline Kallman	Australia and New Zealand Banking Group Limited
Kieran McKenna	Cuscal Limited
Lynda McMillan	Commonwealth Bank of Australia

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

a. Principles of Consolidation

The general purpose consolidated financial statements incorporate all of the assets, liabilities and results of the Parent NPP Australia Limited and its Controlled Entity (which is a wholly owned subsidiary). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Such assets are released through the tax line in the profit and loss.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

i. a legally enforceable right of set-off exists; and

ii. the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Property, Plant and Equipment

Property, Plant and Equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of property, plant and equipment is 3 to 5 years.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds of disposal and the carrying amount of the asset) is included in the statement of comprehensive income in the period the item is derecognised.

d. Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Shareholders' equity contributions are recognised as Preference Shares in the Statement of Financial Position.

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss or other comprehensive income', in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and Subsequent Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset.

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Amortised cost of a financial asset is:

- the amount at which the financial asset is measured at initial recognition;
- minus the principal repayments;
- plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; and
- adjusted for any loss allowance.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Preference Shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the Group, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors.

e. Leases

The Group recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the incremental borrowing rate. Generally, an incremental borrowing rate is used as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the excercise price under a purchase option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. Lease payments associated with these leases will be expensed on a straight-line basis over the lease term.

f. Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in financial assets that are measured at amortised cost or fair value through other comprehensive income, lease receivables, contract assets as well as loan commitments and financial guarantee contracts. No loss allowance is recognised for investments in equity instruments. The amount of expected credit losses ("ECLs") is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group has elected to use the simplified approach and has determined the loss allowance based off the lifetime ECL. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Group measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if there is a low risk of default by the borrower, the borrower has strong capacity to meet its contractual cash flow obligations in the near term, or adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Intangible Assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The Group has assessed the economic useful life of the internally generated intangible asset, being the Payment Clearing and Settlement Infrastructure, to be ten (10) years from date of first use, commencing 1 April 2018.

The Group has not yet assessed the economic useful life of the internally generated intangible asset, being the Debit Initiative (MPS), which is currently still in development.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

h. Impairment of Assets

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine if circumstances have arisen that indicate that the carrying value may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. Intangible assets with definite lives and which are available for use are assessed for indicators of impairment annually.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i. Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave & other leave entitlements in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

j. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

k. Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents should include cash on hand, deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value. Subsequently, cash and cash equivalents are measured at amortised cost in accordance with AASB 9.

l. Revenue recognition

Revenues are realised when cash or claims to cash are received in exchange for goods or services.

Fee income

Fees consist of a fixed contribution operating charge, which is not subject to any variable consideration. Fees received from members (who are also shareholders of NPPA) for utilisation of the Payment Clearing and Settlement Infrastructure are recognised as revenue over time where the Parent measures the progress towards complete satisfaction of its performance obligations at the allocated transaction price with the objective of recognising revenue that depicts the Parent's performance in transferring control of the service to the participants.

Revenue recorded for the Subsidiary throughout the reporting period consists of administration charges which are subject to a variable consideration in that fees received from members, for participation in the Industry Committee, are recognised as revenue over time in proportion to expenses incurred.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is within the scope of AASB 9: *Financial Instruments*.

m. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. Payment terms for receivables are 30 days. Trade receivables will be reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

n. Trade and Other Payables

Trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. Goods and Services Tax (GST)

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

i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. For receivables and payables which are recognised inclusive of GST.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

q. Changes in accounting policies and disclosures

The accounting policies and disclosures adopted are consistent with those of the previous year.

Certain comparative information has been reclassified to conform with the current period's presentation.

r. Critical Accounting Judgements

In the application of the Group's accounting policies, which are described in Note 1, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Financial report continued

Recoverability of internally generated intangible asset

On an annual basis the directors consider whether there is any indication that the intangible asset might be impaired based on internal and external information.

During the year, the directors reconsidered the recoverability of the Parent's internally generated intangible asset, being the Payment Clearing and Settlement Infrastructure asset & the Debit Initiative (MPS) asset, which is included in the statement of financial position at 30 June 2021 with a carrying amount of $55,585,484 & $12,182,596 respectively. For both assets, the directors have determined that there are no indications of impairment.

For both assets, the Directors have determined that there are no indications of impairment. However, since the MPS asset is not yet ready for use, an impairment test is required to be carried out at least annually. Refer to Note 10 for further details of the impairment testing and the key estimates and judgements used in the impairment test.

Tax assets

Due to the probability of future taxable profit being available, the parent company has recognised a tax asset as at June 2021. This deferred tax asset has been recognised to the extent that it offsets the deferred tax liability at this date, as per Note 3.

Due to the probability of future taxable profit being available, the subsidary company has recognised a tax asset as at June 2021.

The parent company and subsidiary company are not consolidated for tax purposes.

Revenue Recognition

Fees received in respect of participant access to the NPP Infrastructure are subject to performance criteria and other conditions, including ones outside of the Group's control (for example, regulatory approvals). Participant administration charges payable to the Industry Committee Administration Pty Ltd are subject to performance criteria and other conditions (for example, set out in the Industry Committee Participation Agreements).

s. Parent Information

The following information has been extended from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards

	Parent Entity	
	2021	**2020**
	$	**$**
ASSETS		
Current assets		
Cash and cash equivalents	41,047,570	31,609,654
Trade and other receivables	271,883	217,326
Other assets	12,074,607	11,752,514
Total current assets	**53,394,060**	**43,579,494**
Non-current assets		
Property, plant and equipment	84,861	102,637
Right-of-use assets	74,080	222,241
Deferred tax assets	12,102,696	8,347,947
Intangible assets	67,769,276	71,298,423
Other financial assets	36,301	1
Total non-current assets	**80,067,214**	**79,971,249**
Total assets	**133,461,274**	**123,550,743**
LIABILITIES		
Current liabilities		
Trade and other payables	5,706,501	2,480,824
Contract liabilities	338,057	1,291,950
Lease liabilities	84,927	178,229
Total current liabilities	**6,129,485**	**3,951,003**
Non-current liabilities		
Trade and other payables	66,098	208,047
Lease liabilities	-	84,927
Deferred tax liabilities	12,102,696	8,347,947
Total non-current liabilities	**12,168,794**	**8,640,921**
Total liabilities	**18,298,279**	**12,591,924**
Net assets	**115,162,995**	**110,958,819**
EQUITY		
Issued capital	134,800,000	134,800,000
Retained earnings	(19,637,005)	(23,841,181)
Total Equity	**115,162,995**	**110,958,819**
Total comprehensive income for the year	**4,204,176**	**4,001,437**

Financial report continued

t. Subsidiary Information

The following information has been extended from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	Subsidiary Information	
	2021 $	**2020 $**
Other Income	5,761,621	-
Committee administration costs	(5,750,621)	-
Marketing costs	(11,000)	-
Profit before income tax	**-**	**-**
Tax expense	-	-
Net profit for the year	**-**	**-**
ASSETS		
Current assets		
Cash and cash equivalents	1,532,742	1
Trade and other receivables	133,810	-
Other assets	-	-
Total current assets	**1,666,552**	**1**
Non-current assets		
Property, plant and equipment	-	-
Right-of-use assets	-	-
Deferred tax assets	13,380	-
Intangible assets	-	-
Other financial assets	-	-
Total non-current assets	**13,380**	**-**
Total assets	**1,679,932**	**1**
LIABILITIES		
Current liabilities		
Trade and other payables	555,252	-
Contract liabiliies	1,088,379	-
Borrowings	-	-
Total current liabilities	**1,643,631**	**-**
Non-current liabilities		
Trade and other payables	-	-
Borrowings	-	-
Deferred tax liabilities	-	-
Other financial liabilities	36,300	-
Total non-current liabilities	**36,300**	**-**
Total liabilities	**1,679,931**	**-**
Net assets	**1**	**1**
EQUITY		
Issued capital	1	1
Retained earnings	-	-
Total equity	**1**	**1**

Note 2: Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

		Consolidated Group	
	Note	2021	2020
		$	$
Revenue			
– NPP fixed contribution operating charges		43,587,870	43,899,999
Total sales revenue		**43,587,870**	**43,899,999**
Other revenue			
– ICA administration charges		5,761,621	-
– interest received		131,379	429,795
– Sundry income		402,778	63,038
Total other revenue		**6,295,778**	**492,833**
Total Revenue & Other Income		**49,883,648**	**44,392,832**

Financial report continued

Note 3: Tax Expense

	Note	Consolidated Group 2021 $	2020 $
(a) The components of tax (expense) income comprise:			
Current tax		13,380	-
Deferred tax		(13,380)	-
		-	**-**
(b) **Current Tax** The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Profit(Loss) before tax		4,204,176	4,001,437
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2020: 30%)		(1,261,253)	(1,200,431)
Adjustments for:			
— Current year loss to be carried forward		(1,608,466)	(2,020,001)
— Tax deductions in excess of accounting expenses		2,869,924	3,203,768
— Non-deductable PDs		13,175	16,664
— Effect of changes in tax rates			-
Income tax attributable to the Group		**13,380**	**-**
Deferred Tax Movements			
Recognition of timing difference and carried forward losses		3,768,129	3,613,617
R&D offset or DTAs released		-	-
Recognition of DTL on timing difference		(3,754,749)	(3,613,617)
		13,380	**-**
Total taxation charge/benefit		**-**	**-**
Deferred Tax Balances at 30 June			
Deferred tax asset		12,116,076	8,347,947
Deferred tax liability		(12,102,696)	(8,347,947)
		13,380	**-**

As at 30 June 2021, the parent company had cumulative tax losses carried forward of approximately $54,556,665 (2020: $49,195,110). A deferred tax asset has been recognised in respect of some of these tax losses, to the extent that they offset current deferred tax liabilities, as there is sufficient certainty that suitable tax profits will arise which could be offset against these tax losses. A deferred tax liability has been recognised in respect of taxable temporary differences.

Note 4: Key Management Personnel Compensation

The following persons were directors and key management personnel of NPPA Limited (Parent) during the financial period:

Directors (as at 30 June 2021)	Alternative Directors (as at 30 June 2021)
Robert McKinnon (Independent Chair)	
Adrian Lovney (Chief Executive Officer)	
Michael O'Shea	Kate Byrne
Jim Tate	
Linda Da Silva	Michael Witts
Nigel Dobson	Jacqueline Kallman
Greg Johnston	
Craig Kennedy	Kieran McKenna
Albert Naffah	Lynda McMillan
Tony Graham	
Rachel Slade	Shane Conway
Elizabeth Hallett (Independent)	

Key Management Personnel (as at 30 June 2021)	
Adrian Lovney	Chief Executive Officer
Vanessa Chapman	General Counsel and Company Secretary
Bob Masina	General Manager, Technology and Operations
Katrina Stuart	Head of Engagement
Robert McKinnon	Chair (Independent)
Elizabeth Hallett	Director (Independent)

	2021 $	2020 $
Short term benefits		
– Salaries paid during current year	2,301,978	2,266,204
Long term benefits		
– Superannuation paid during current year	125,028	118,801
Adjustment to prior year	-	-
	2,427,006	**2,385,005**

Financial report continued

Note 5: Auditor's Remuneration

	Consolidated Group	
	2021	2020
	$	$
Auditors of the Group - Grant Thornton Australia Limited		
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	56,600	45,000
– taxation services	-	-
– other non audit services	-	-
	56,600	**45,000**
Other Auditors - Deloitte Touche Tohmatsu Limited		
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	-	6,165
– taxation services	-	-
– other non audit services	-	-
	-	**6,165**

Note 6: Cash and Cash Equivalents

	Note	Consolidated Group 2021 $	2020 $
Cash at bank and on hand		17,564,928	5,844,790
Short-term bank deposits		25,015,384	15,764,865
Other deposits at bank		-	10,000,000
	18	**42,580,312**	**31,609,655**
Reconciliation of cash			
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		42,580,312	31,609,655
		42,580,312	**31,609,655**

The cash and cash equivalents balance is held by Commonwealth Bank of Australia (CBA), a shareholder in the Company. The interest income received on this balance of $131,379 is included in the Statement of comprehensive income.

The Parent held $10 million as a Vendor Contract Contingency in the 2020 Financial Year, which was quarantined as a financial buffer so the shareholders are able to wind up the Group and/or exit the vendor should circumstances require.

Financial report continued

Note 7: Trade and Other Receivables

	Note	Consolidated Group 2021 $	2020 $
CURRENT			
Trade receivables		276,444	97,122
Provision for expected credit losses		(6,000)	(486)
Interest Receivable		6,716	34,133
GST Refundable/(Payable)		128,533	86,557
Total current trade and other receivables		**405,693**	**217,326**

A retrospective reallocation of cash and cash equivalents has been applied to the Group's prior period comparative information to reclassify interest receivable to Trade and Other Receivables.

(a)	Financial assets at amortised cost classified as trade and other receivables		
	Trade and other receivables		
	— Total Current	405,693	217,326
	— Total Non-Current	-	-
		405,693	**217,326**
	Financial assets as trade and other receivables 18	**405,693**	**217,326**

Note 8: Property, Plant and Equipment

	Consolidated Group	
	2021	2020
	$	$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	196,207	184,739
Accumulated depreciation	(111,346)	(82,102)
Total plant and equipment	**84,861**	**102,637**
Total property, plant and equipment	**84,861**	**102,637**

Note 9: Right-of-use assets

The Group's lease portfolio only consists of a non-cancellable property lease with a 5 year term, with rent payable monthly in advance. There were no extension or termination options excercisable by the Company. Rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum at each anniversary date.

	Consolidated Group	
	2021	2020
	$	$
RIGHT-OF-USE ASSETS		
Leased building	753,148	753,148
Accumulated depreciation	(679,068)	(530,907)
Total right-of-use asset	**74,080**	**222,241**

Financial report continued

Note 10: Intangible Assets

	Consolidated Group 2021 $	2020 $
NPP Software and Infrastructure		
At cost	82,340,510	82,340,510
Accumulated amortisation	(26,755,026)	(18,520,975)
Net carrying amount	**55,585,484**	**63,819,535**
Debit Initiative (MPS)		
At cost	12,182,596	7,478,888
Accumulated amortisation	-	-
Net carrying amount	**12,182,596**	**7,478,888**
Trademarks and licences		
At cost	1,320	-
Accumulated amortisation	(124)	-
Net carrying amount	**1,196**	**-**
Total intangible assets	**67,769,276**	**71,298,423**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	NPP Software and Infrastructure	Debit Initiative (MPS)	Trademarks and licences	Total
Balance at 1 July 2019	**72,053,586**	**3,564,195**	**-**	**75,617,781**
Additions	-	3,914,693	-	3,914,693
Amortisation expense	(8,234,051)	-	-	(8,234,051)
Balance at 30 June 2020	**63,819,535**	**7,478,888**	**-**	**71,298,423**
Additions	-	4,703,708	1,320	4,705,028
Amortisation expense	(8,234,051)	-	(124)	(8,234,175)
Balance at 30 June 2021	**55,585,484**	**12,182,596**	**1,196**	**67,769,276**

The Group identifies a single cash-generating unit ('CGU') and, therefore, the recoverable amount has been determined at the group level.

The recoverable amount of the Group's NPP Software and Infrastructure and Debit Initiative (MPS) has been determined by value-in-use calculations. The calculations use cash flow projections based on the business plan approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The following key assumptions were used in the discounted cash flow model:

a. Pre-tax discount rate of 11.8% (2020: 12.6%)
b. Projected growth rate of 0% (2020: 0%) beyond five year period for the CGU; and
c. Increase in operating costs and overheads based on current expenditure levels adjusted for inflationary increases.

For the financial year ended 30 June 2021, the recoverable amount of net assets for the Group is greater than the carrying value of the assets and therefore, the NPP Software and Infrastructure and Debit Initiative (MPS) is not considered to be impaired.

Sensitivity Analysis:

Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the value-in-use of the CGU that would require the assets to be impaired.

Note 11: Other Assets

	Consolidated Group	
	2021	**2020**
	$	**$**
CURRENT		
Prepaid Expenses	11,887,107	11,752,514
Accrued Revenue	187,500	-
Total Current Other Assets	**12,074,607**	**11,752,514**

Financial report continued

Note 12: Interest in Subsidiaries

a. Information about Principal Subsidiaries

The subsidiary listed below has share capital consisting solely of ordinary shares, which are held directly by the Parent. The proportion of ownership interests held equals the voting rights held by the Parent.

	Ownership interest held by the Group		Proportion of non-controlling interests	
Name of subsidiary	2021 (%)	2020 (%)	2021 (%)	2020 (%)
Industry Committee Administration Pty Ltd	100%	100%	0%	0%

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

Note 13: Trade and Other Payables

	Note	Consolidated Group 2021 $	2020 $
CURRENT			
Unsecured liabilities			
Trade payables		542,097	41,557
Sundry payables and accrued expenses		5,162,371	2,166,489
Employee Entitlements		557,285	272,778
		6,261,753	**2,480,824**
NON-CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		-	11,679
Employee Entitlements		66,098	196,368
		66,098	**208,047**

	Note	2021 $	2020 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
– Total Current		549,628	44,400
– Total Non-Current		-	-
		549,628	**44,400**
Financial liabilities as trade and other payables	18	**549,628**	**44,400**

Note 14: Contract Liabilities

	Consolidated Group	
	2021	2020
	$	$
CURRENT		
Fixed Contribution Operating Revenue	-	1,291,950
Committee Participation Revenue	1,088,378	-
Connected Institution/ Participation Application Revenue	220,500	-
Ticket Revenue	63,000	-
Sponsorship Revenue	54,558	-
Total Current Contract Liabilities	**1,426,436**	**1,291,950**

Note 15: Lease Liabilities

	Consolidated Group	
	2021	2020
	$	$
CURRENT		
Unsecured liabilities at amortised cost:		
Lease Liabilities	84,927	178,229
Total Current Lease Liabilities	**84,927**	**178,229**
NON-CURRENT		
Unsecured liabilities at amortised cost:		
Lease Liabilities	-	84,927
Total Non-Current Lease Liabilities	**-**	**84,927**
Total Lease Liabilities	**84,927**	**263,156**

Financial report continued

Note 16: Issued Capital

	Consolidated Group	
	2021 $	2020 $
134,800 (2020: 134,800) fully paid redeemable preference shares	134,800,000	134,800,000
	134,800,000	**134,800,000**

	2021 No.	2020 No.
(a) **Redeemable Preference Shares**		
At the beginning of the reporting period	134,800	134,800
Shares Issued	-	-
At the end of the reporting period	**134,800**	**134,800**

Note 17: Events After the Reporting Period

On 10 December 2020, NPP Australia Limited executed an Implementation Agreement to amalgamate with BPAY Group Holding Pty Ltd and eftpos Payments Australia Limited under a holding company (Australian Payments Plus Ltd), with the principal condition precedent to completion of the amalgamation being the granting of ACCC merger authorisation. Final authorisation was provided by the ACCC on 9 September 2021.

Accordingly, pursuant to the Implementation Agreement, NPP Australia Limited will become a wholly-owned subsidiary of Australian Payments Plus Limited, with existing NPP Australia Limited shareholders (with the exception of the Reserve Bank of Australia) receiving shares in Australian Payments Plus Limited.

During the last financial year (for the period from 1 July 2020 to 30 June 2021), NPP Australia has accepted one application for direct access from an applicant seeking to become an NPP Full Participant and issued NPPA shares to that applicant, who is currently seeking further regulatory approvals from another organisation.

Note 18: Financial Risk Management

The Group provides the implementation framework for the NPP project. These activities expose the Group to limited financial risks which are measured by the following:

a. Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from the cash accounts bearing variable interest rates and there was no borrowing as at the balance date. The Group is only subject to the risk of fluctuations in the prevailing market interest rates.

			Consolidated Group	
2021	**Note**	**Floating interest rate $**	**Non-interest bearing $**	**Total $**
Financial Assets				
Cash and cash equivalents	6	35,646,664	6,933,648	42,580,312
Trade and other receivables	7	-	405,693	405,693
		35,646,664	**7,339,341**	**42,986,005**
Financial Liabilities				
Trade and other payables	13	-	(549,628)	(549,628)
Lease Liabilities	15	(84,927)	-	(84,927)
		(84,927)	**(549,628)**	**(634,555)**
Net financial assets		**35,561,737**	**6,789,713**	**42,351,450**
2020				
Financial Assets				
Cash and cash equivalents	6	28,957,203	2,652,452	31,609,655
Trade and other receivables	7	-	217,326	217,326
		28,957,203	**2,869,778**	**31,826,981**
Financial Liabilities				
Trade and other payables	13	-	(44,400)	(44,400)
Lease Liabilities	15	(263,156)	-	(263,156)
		(263,156)	**(44,400)**	**(307,556)**
Net financial assets		**28,694,047**	**2,825,378**	**31,519,425**

b. Credit risk

Credit risk is managed under the Group's treasury policy as approved by the Board of Directors, including investing surplus funds in financial institutions that maintain a high credit rating. The Group was exposed to concentration risk toward Commonwealth Bank of Australia since the Group kept the bulk of it's interest bearing funds at the respective institution ($35,646,664). Commonwealth Bank of Australia is a credit institutions with risk rating A+ and directors do not consider this risk to be material.

c. Liquidity risk

The Group manages liquidity risk through the annual budgeting process. Parent's main source of funding in the 2021 financial year is revenue raised from transaction fees. Funds sourced in the 2021 financial year from the Subsidiary is revenue raised from administration charges.

d. Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts as they are short term in nature and the interest rate is in line with prevailing market rates.

Note 19: Reconciliation of profit/(loss) after income tax to net cash flow from operating activities

	2021 $	2020 $
Post Tax income for the period	4,204,176	4,001,437
Depreciation and amortisation	8,411,579	8,406,324
Non-Operating Cash Flows	88,491	99,526
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(81,297)	(152,390)
(Increase)/Decrease in prepayments	(134,593)	(9,800)
(Increase)/Decrease in current and deferred tax assets	(3,768,129)	(3,613,617)
Increase/(Decrease) in trade and other payables	507,527	(419,787)
Increase/(Decrease) in accruals & sundry payables	2,789,885	1,350,607
Increase/(Decrease) in provisions	154,068	166,013
Increase/(Decrease) in deferred tax liabilities	3,754,749	3,613,617
Net cash generated operating activities	**15,926,456**	**13,441,930**

Direc
decla
tors'
aration

NPP AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITY
ABN: 68 601 428 737
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of NPP Australia Limited, the directors of the Company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

R McKinnon
Chair

A Lovney
Chief Executive Officer

Date: 16 September 2021
Sydney

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Independent Auditor's Report

To the Members of NPP Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of NPP Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b 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 Group in accordance with 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.

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

Grant Thornton

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of 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*. The Directors' responsibility also includes 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M R Leivesley
Partner – Audit & Assurance

Sydney, 16 September 2021

More than speed

NPP AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITY
ABN: 68 601 428 737
Financial Report For The Year Ended
30 June 2021