

**OVER FIFTY GUARDIAN FRIENDLY SOCIETY LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 81 087 649 063

**CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

Directors' Report

For the year ended 30 June 2023

The directors of Over Fifty Guardian Friendly Society Limited (the "Society") submit the following report in respect of the financial year ended 30 June 2023.

Information about the directors and senior management

The directors of the Society in office during or since the end of the financial year are:

- Mr Garry S. Charny
- Mr Peter J. Done
- Ms Natalie Collins
- Mr Adrian E Gratwicke
- Mr Olivier Jean-Marie Chretien

The above-named directors held office during the entire financial year, unless otherwise noted.

Company Secretary

Anna Kovarik was appointed to the position of company secretary on 5 July 2018.

Principal activity

The principal activity of the Society during the year was the management of friendly society prepaid funeral policies. There was no significant change in this activity during the year.

Review of operations

The operating profit for the year was \$84,000 (2022: \$230,000) after providing for an income tax expense of \$18,000 (2022: \$305).

Changes in state of affairs

There were no significant changes in the state of affairs of the Society during the financial year.

Subsequent events

There have not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Society, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society, in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Society in future financial years and the expected results of these operations is likely to result in unreasonable prejudice to the Society. Accordingly, this information has not been disclosed in this report.

Directors' Report

For the year ended 30 June 2023

Environmental regulation

The Society's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of a state or Territory.

Directors' benefits

Total salaries of \$192,400 (2022: \$185,000) were paid by the Society to the directors who also held the directorship in the related entity Centuria Life Limited for services to the Society in their capacity as directors. For further details refer to Note 13 (c).

Directors' interests

Details of directors' interests in the Society, as at 30 June 2023, are as follows:

Director	Name of Fund	Amount of Investment \$
Mr P.J. Done	Guardian Prepaid Funeral Fund No 5	209

Indemnification of officers and auditors

Centuria Capital Limited ("CCL") has agreed to indemnify all current directors and Executive Officers of the Society against liabilities (including liability for costs and expenses) for an act or omission in the capacity of director or Executive Officer of the Society. This agreement does not apply to the extent that the Corporations Act expressly prohibits or limits the indemnification of directors or Executive Officers.

Subject to any limitations imposed by the Corporations Act, CCL will continue to indemnify each director or Executive Officer for a period of seven years after the date on which the person ceases to be a director or Executive Officer of the Society.

The directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the Directors' and Officers' Liability and Legal Expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

CCL has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified the auditor of the Society or of any related body corporate against a liability incurred as such as an auditor.

Rounding of amounts to the nearest thousand dollars

The Society is an entity of a kind referred to in the ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

Lead auditors' independence declaration

The directors have obtained a declaration of independence from the auditors, KPMG, in accordance with section 307C of the Corporations Act 2001. The auditors' independence declaration is included on page 5 of the annual report.

Directors' Report
For the year ended 30 June 2023

Signed in accordance with a resolution of the Board of Directors.



G.S. Charny
Director

Sydney
27 September 2023



P.J. Done
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Over Fifty Guardian Friendly Society Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Over Fifty Guardian Friendly Society Limited for the financial year ended 30 June 2023 there have been:

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

KPMG

Leann Yuen
Partner

Sydney

27 September 2023

Consolidated statement of comprehensive income

For the financial year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Revenue	4(a)	22,015	25,712
Profit/(Loss) on investments	4(b)	1,377	(40,573)
		<u>23,392</u>	<u>(14,861)</u>
Administration and management fees	5(a)	(6,306)	(7,514)
Other expenses	5(b)	(1,111)	(1,294)
Net movement in policyholder liabilities - benefit funds	10 (a)	(16,734)	14,553
(Loss) before tax		<u>(759)</u>	<u>(9,116)</u>
Income tax (expense) relating to the management fund		(18)	-
Income tax benefit relating to benefit funds		861	9,346
Total income tax benefit	6(a)	<u>843</u>	<u>9,346</u>
Profit for the year		<u>84</u>	<u>230</u>
Other comprehensive income:			
Other comprehensive income		-	-
Total comprehensive income for the year		<u>84</u>	<u>230</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 10 to 33.

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
Cash and cash equivalents		66,980	51,288
Trade and other receivables	7	3,007	7,406
Financial assets at fair value through profit or loss	8	441,169	451,363
Income tax receivable		2,874	1,142
Deferred tax assets	6(b)	28,803	29,213
TOTAL ASSETS		542,833	540,412
LIABILITIES			
Trade and other payables	9	765	1,114
Deferred tax liabilities	6(b)	18	-
Policyholders' funds	10(a)	539,732	537,064
TOTAL LIABILITIES		540,515	538,178
NET ASSETS		2,318	2,234
EQUITY			
Retained earnings		2,318	2,234
TOTAL EQUITY		2,318	2,234

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 10 to 33.

Consolidated statement of changes in equity
For the financial year ended 30 June 2023

	Retained earnings
	\$'000
	<hr/>
Balance at 1 July 2021	2,004
Profit for the year	<hr/> 230
Balance at 30 June 2022	<hr/> 2,234 <hr/>
Balance at 1 July 2022	2,234
Profit for the year	<hr/> 84
Balance at 30 June 2023	<hr/> 2,318 <hr/>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 10 to 33.

Consolidated statement of cash flows

For the financial year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Applications received by unit linked funds		31,010	26,580
Interest received		1,784	55
Dividends received		24,667	30,748
Other income received		199	116
Cash paid to suppliers and employees		(7,922)	(8,297)
Redemption paid from unit linked funds		(45,626)	(50,186)
Income tax refunded		-	759
Net cash provided by / (used in) operating activities	14	<u>4,112</u>	<u>(225)</u>
Cash flows from investing activities			
Net inflows/(outflows) for acquisition/disposal of financial assets		<u>11,571</u>	<u>7,206</u>
Net cash provided by investing activities		<u>11,571</u>	<u>7,206</u>
Cash flows from financing activities			
Net receipt from / (payments to) related parties		<u>9</u>	<u>(6)</u>
Net cash provided by / (used in) financing activities		<u>9</u>	<u>(6)</u>
Net increase in cash and cash equivalents		15,692	6,975
Cash and cash equivalents at the beginning of the financial year		<u>51,288</u>	<u>44,313</u>
Cash and cash equivalents at the end of the financial year		<u>66,980</u>	<u>51,288</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 10 to 33.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. General information

Over Fifty Guardian Friendly Society Limited (the "Society") is a for-profit public company, limited by guarantee, incorporated and operating in Australia. The Society's registered office and its principal place of business are as follows:

Level 47
101 Collins Street
Melbourne VIC 3000
Tel: 1300 50 50 50

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the directors on 27 September 2023.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for those financial assets and liabilities which have been valued at fair value through profit or loss. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

(c) Critical judgements in applying the entity's accounting policies

Changes in economic conditions and demographics will alter the unallocated surplus. The Capital Requirements as set by APRA are designed to ensure there is sufficient unallocated surplus to cover the effect of these changes.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 15 Financial Instruments.

(i) *Involvement with unconsolidated structured entities*

The Society has concluded that unlisted open-ended unit trusts in which it invests, but does not consolidate, meet the definition of structured entities because:

- the voting rights in the unit trusts are not dominant rights in deciding who controls them because they relate to administrative tasks only;
- each unit trust's activities are restricted by its prospectus; and
- the unit trusts have narrow and well-defined objectives to provide investment opportunities to investors.

Notes to the consolidated financial statements

For the year ended 30 June 2023

2. Significant accounting policies (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Society and entities controlled by the Society (the "subsidiaries"). The Society 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Society, as prescribed by AASB 10 *Consolidated Financial Statements*, is required to recognise the assets, liabilities, income, expenses and equity of the benefit funds which it manages, in its consolidated financial statements.

The accounting policies of the benefit funds have been changed where necessary to align them with the policies adopted by the Society. Intra-Society balances and transactions, and any unrealised income and expenses arising from intra-Society transactions, are eliminated in preparing the consolidated financial statements.

For the purposes of these financial statements, holders of unit linked funds are referred to as policyholders.

Monies held in the benefit funds are subject to distribution and transfer restrictions pursuant to the Life Insurance Act 1995 ("Life Act").

Information concerning the management fund on a standalone basis is included in Note 3, Segment Information.

(e) Summary of Significant Actuarial Methods and Assumptions

A Financial Condition Report has been prepared by the Society's Appointed Actuary, Mr Sean McGing. This report covers benefit fund liabilities and prudential reserves. The effective date of the report is 30 June 2023.

The amount of the benefit fund liabilities has been determined in accordance with the methods and assumptions disclosed in the Financial Condition Report. The Appointed Actuary is satisfied as to the accuracy of the data from which the amount of the policyholder's fund liabilities has been determined.

(i) Policy Liability Valuation

The policy liabilities for benefit funds are determined in accordance with Prudential Standard LPS 340 issued by APRA under the Life Insurance Act 1995.

Policy liabilities for the benefit funds are valued using the accumulation method and are equal to the net assets of the benefit funds, as all benefit funds are unit linked.

The Society currently deducts 1.45% (2022: 1.45%) of the fund's assets from the benefit funds for expense allowances. Changes in the net assets of the benefit funds, for example due to the payment of fees and taxes and the receipt of investment returns, are reflected in changes in the unit price applicable to the benefit fund over time.

There is no provision in the funds' rules for any surplus to be transferred to the Management Fund. The Management Fund receives specified fees from the benefit funds to cover expenses. All remaining assets are to be used to provide benefits to members. Hence there is no profit and consequently, no need for a profit carrier.

(ii) Expense margin

The expenses of the benefit funds are equal to the management allowances transferred to the Management Fund.

(iii) Solvency and Capital Adequacy

Friendly Societies are required to hold prudential reserves over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of reserves required to be held is laid down by the Life Insurance Act 1995 and accompanying standards. These standards are Prudential Standards LPS 100 and LPS 110. These standards have been met for the benefit funds as at 30 June 2023, refer to Note 10(b) Solvency and Capital Adequacy.

Notes to the consolidated financial statements

For the year ended 30 June 2023

2. Significant accounting policies (continued)

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Dividend, distributions and interest revenue

Dividend and distribution revenue from investments is recognised when the Society's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Society and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Society and the amount of revenue can be measured reliably. Interest revenue 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.

(g) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

The Society is part of a tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the Head Company which is the ultimate parent entity, Over Fifty Guardian Friendly Society Limited.

(i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Society expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Society intends to settle its current tax assets and liabilities on a net basis.

(iii) *Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Notes to the consolidated financial statements

For the year ended 30 June 2023

2. Significant accounting policies (continued)

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (a) 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
- (b) for receivables and payables which are recognised inclusive of GST.

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

(i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(j) Trade and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade and other receivables'. Trade and receivables are measured at amortised cost using the effective interest method less impairment.

Trade and other receivables are not designated as assets backing policyholder liabilities.

Trade and other receivables are considered as current assets and recoverable within one year of the balance sheet date.

(k) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of comprehensive income.

The fair value of financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current redemption prices.

For financial assets carried at fair value through profit or loss where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

In accordance with AASB 1038 all financial assets held to support policy liabilities are designated as at fair value through profit or loss.

(ii) *Derecognition of financial assets*

The Society derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retains substantially all the risks and rewards of ownership of a transferred financial asset, the Society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the consolidated financial statements

For the year ended 30 June 2023

2. Significant accounting policies (continued)

(k) Financial assets (continued)

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss.

(l) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Product classification

The accounting treatment of certain transactions varies depending on the nature of the contract underlying the transaction. The major contract classifications are insurance contracts and investment contracts.

Insurance contracts are those containing significant insurance risk at the inception, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Contracts not considered insurance contracts are classified as investment contracts. The accounting treatment of investment contracts depends on whether the investment has a discretionary participation feature (DPF).

The benefit fund operations of the Society are classified as benefit funds without discretionary participation features as they are all invested in unit-linked products, whose value is solely dependent on the market valuation of the underlying assets. As a result, the Society does not issue any products with discretionary participation features.

Applications and redemptions on investment contracts without DPF are accounted for through the statement of financial position as a movement in policyholder liabilities. Distributions on these contracts are charged to the statement of comprehensive income as a movement in the policyholder liability. Premiums and claims relating to the investment component are accounted for as a deposit or withdrawal through the statement of financial position.

(n) Policyholders' funds

Assets held by the benefit funds are included in total assets in the consolidated statement of financial position of the Society in accordance with AASB 1038. A corresponding liability labelled "policyholders' funds" is shown in total liabilities in the consolidated statement of financial position. Note 10(a) shows the movement in unit-linked funds. The policyholder liabilities for unit linked funds are equal to the number of units-held, multiplied by the unit redemption price based on market value of the funds' investments as at the valuation date.

Applications to these funds (premiums) are not recorded as income, redemptions from these funds (claims) are not recorded separately as expenses but amounts distributable to policyholders are recorded as an expense. No guarantees are provided by the Society in respect of the unit-linked funds.

Amounts received in respect of the benefit funds represent investment deposits (applications) and are recognised as an increase in policyholder liabilities.

Benefit fund expenses which are directly attributable to an individual policy or product are allocated directly to the benefit fund within which that class of business is conducted. The apportionment basis for indirect expenses has been made in line with the principles set out in APRA LPS 1.04 Valuation of Policy Liabilities.

(o) Unit prices

Unit prices are determined in accordance with the fund's rules and are calculated as the net assets attributable to unit holders of the fund, divided by the number of units on issue.

Notes to the consolidated financial statements

For the year ended 30 June 2023

2. Significant accounting policies (continued)

(p) Other new Accounting Standards and Interpretations

The AASB has issued new or amendments to standards that are first effective from 1 July 2022.

The following amended standards and interpretations that have been adopted do not have a significant impact on the consolidated financial statements.

Standards now effective:

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture.

Standards not yet effective:

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Society has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 17 Insurance Contracts
- AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts
- AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2021-7(a-c) Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

OVER FIFTY GUARDIAN FRIENDLY SOCIETY LIMITED AND CONTROLLED ENTITIES

Notes to the consolidated financial statements

For the year ended 30 June 2023

3. Segment information

Following is an analysis of the Society's revenue, results and balances by reportable segment.

30 June 2023	Over 50s Guardian Prepaid Funeral Fund No.5	Over 50s Guardian Prepaid Funeral Fund No.6	Guardian Funeral Bond	Over 50s Guardian Benefit Funds Trust	Over 50s Guardian Benefit Funds Trust No. 2	Management Fund	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Revenue	3,692	17,151	20	21,883	-	7,519	(28,250)
Profit/(loss) on investment	655	1,816	(2)	1,379	-	-	(2,471)	1,377
Total revenue	4,347	18,967	18	23,262	-	7,519	(30,721)	23,392
Profit before tax	(330)	(534)	3	23,262	-	102	(23,262)	(759)
Income tax benefit/(expense)	330	534	(3)	-	-	(18)	-	843
Profit/(loss) after tax	-	-	-	23,262	-	84	(23,262)	84

OVER FIFTY GUARDIAN FRIENDLY SOCIETY LIMITED AND CONTROLLED ENTITIES

Notes to the consolidated financial statements

For the year ended 30 June 2023

3. Segment information (continued)

30 June 2022	Over 50s Guardian Prepaid Funeral Fund No.5	Over 50s Guardian Prepaid Funeral Fund No.6	Guardian Funeral Bond	Over 50s Guardian Benefit Funds Trust	Over 50s Guardian Benefit Funds Trust No. 2	Management Fund	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	4,953	21,342	1	25,706	-	8,777	(35,067)	25,712
Profit/(loss) on investment	(7,729)	(33,690)	-	(40,573)	-	-	41,419	(40,573)
Total revenue	(2,776)	(12,348)	1	(14,867)	-	8,777	6,352	(14,861)
Profit before tax	158	(9,499)	(5)	(15,128)	-	230	15,128	(9,116)
Income tax benefit/(expense)	(158)	9,499	5	-	-	-	-	9,346
Profit/(loss) after tax	-	-	-	(15,128)	-	230	15,128	230

OVER FIFTY GUARDIAN FRIENDLY SOCIETY LIMITED AND CONTROLLED ENTITIES

Notes to the consolidated financial statements

For the year ended 30 June 2023

3. Segment information (continued)

30 June 2023	Over 50s Guardian Prepaid Funeral Fund No.5	Over 50s Guardian Prepaid Funeral Fund No.6	Guardian Funeral Bond	Over 50s Guardian Benefit Funds Trust	Over 50s Guardian Benefit Funds Trust No. 2	Management Fund	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash assets	228	3,060	52	61,403	-	2,237	-	66,980
Financial Assets	89,322	415,405	502	440,667	-	-	(504,727)	441,169
Other assets	439	2,518	10	2,657	-	864	(607)	5,881
Deferred Tax Assets	-	28,802	1	-	-	-	-	28,803
Total assets	89,989	449,785	565	504,727	-	3,101	(505,334)	542,833
Other liabilities	(108)	(499)	-	-	-	(765)	607	(765)
Deferred Tax Liabilities	-	-	-	-	-	(18)	-	(18)
Policyholders' funds	(89,881)	(449,286)	(565)	-	-	-	-	(539,732)
Assets attributable to unitholders	-	-	-	(504,727)	-	-	504,727	-
Total liabilities	(89,989)	(449,785)	(565)	(504,727)	-	(783)	505,334	(540,515)
Net assets	-	-	-	-	-	2,318	-	2,318
Policyholder funds liabilities								
Balance at beginning of the financial year	(95,625)	(440,848)	(591)	-	-	-	-	(537,064)
Applications received	-	(31,008)	(2)	-	-	-	-	(31,010)
Redemptions paid	9,056	36,532	38	-	-	-	-	45,626
Future tax benefit	-	(546)	(4)	-	-	-	-	(550)
Undistributed profit/(loss)	(3,312)	(13,416)	(6)	-	-	-	-	(16,734)
Total policyholders funds at end of financial year	(89,881)	(449,286)	(565)	-	-	-	-	(539,732)

OVER FIFTY GUARDIAN FRIENDLY SOCIETY LIMITED AND CONTROLLED ENTITIES

Notes to the consolidated financial statements

For the year ended 30 June 2023

3. Segment information (continued)

30 June 2022	Over 50s Guardian Prepaid Funeral Fund No.5	Over 50s Guardian Prepaid Funeral Fund No.6	Guardian Funeral Bond	Over 50s Guardian Benefit Funds Trust	Over 50s Guardian Benefit Funds Trust No. 2	Management Fund	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash assets	298	657	46	48,093	-	2,194	-	51,288
Financial Assets	95,338	410,877	544	450,819	-	-	(506,215)	451,363
Other assets	198	858	(2)	7,305	-	803	(614)	8,548
Deferred Tax Assets	-	29,209	4	-	-	-	-	29,213
Total assets	95,834	441,601	592	506,217	-	2,997	(506,829)	540,412
Other liabilities	(209)	(753)	(1)	(2)	-	(763)	614	(1,114)
Deferred Tax Liabilities	-	-	-	-	-	-	-	-
Policyholders' funds	(95,625)	(440,848)	(591)	-	-	-	-	(537,064)
Assets attributable to unitholders	-	-	-	(506,215)	-	-	506,215	-
Total liabilities	(95,834)	(441,601)	(592)	(506,217)	-	(763)	506,829	(538,178)
Net assets	-	-	-	-	-	2,234	-	2,234
Policyholder funds liabilities								
Balance at beginning of the financial year	(110,276)	(471,098)	(637)	-	-	-	-	(582,011)
Applications received	-	(26,577)	(3)	-	-	-	-	(26,580)
Redemptions paid	10,018	40,126	42	-	-	-	-	50,186
Future tax benefit	-	6,784	4	-	-	-	-	6,788
Undistributed profit/(loss)	4,633	9,917	3	-	-	-	-	14,553
Total policyholders funds at end of financial year	(95,625)	(440,848)	(591)	-	-	-	-	(537,064)

Notes to the consolidated financial statements

For the year ended 30 June 2023

4. Revenue

(a) Revenue

	2023	2022
	\$'000	\$'000
Interest received	1,784	186
Dividends/distributions received	20,032	25,410
Other income	199	116
	<u>22,015</u>	<u>25,712</u>

(b) Profit/(Loss) on investments

	2023	2022
	\$'000	\$'000
Net unrealised gain/(loss) on financial assets	2,469	(41,419)
Net (loss)/gain on sale of financial assets	(1,092)	846
Profit/(Loss) on Investments	<u>1,377</u>	<u>(40,573)</u>

5. Expenses

(a) Administration and management fees

	2023	2022
	\$'000	\$'000
Management fees	4,642	5,751
Administration fees	1,664	1,763
	<u>6,306</u>	<u>7,514</u>

(b) Other expenses

	2023	2022
	\$'000	\$'000
Advertising and marketing expense	20	20
Consulting and professional fees	344	324
Business related membership fees	122	140
Employee benefit expenses	351	338
Other general expenses	274	472
	<u>1,111</u>	<u>1,294</u>

Notes to the consolidated financial statements

For the year ended 30 June 2023

6. Income taxes

(a) Income tax recognised in profit or loss:

	2023	2022
	\$'000	\$'000
(Loss) before tax	(759)	(9,116)
Net revenue relating to Benefit Funds included in loss before tax	861	9,346
Profit before tax attributable to the management fund	102	230
Income tax expense calculated at 30%	31	69
Tax effect of amounts which are not deductible (assessable) in:		
- Relating to exempt income and non-allowable expenses	(13)	(69)
- Income tax (benefit) relating to Benefit Funds	(861)	(9,346)
Income tax (benefit)	(843)	(9,346)
Current tax (benefit) in respect of the current year	(1,821)	(1,044)
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences	978	(8,302)
Income tax (benefit)	(843)	(9,346)

(b) Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:	Opening balance	Charged to income	Income tax recoverable	Closing Balance
Financial year ended 30 June 2023	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	29,213	(960)	550	28,803
Deferred tax liabilities	-	(18)	-	(18)
	29,213	(978)	550	28,785

Presented in the statement of financial position as follows:

Deferred tax assets ⁽ⁱ⁾	28,803
Deferred tax liabilities	(18)
	28,785

	Opening balance	Charged to income	Income tax recoverable	Closing Balance
Financial year ended 30 June 2022	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	27,699	8,302	(6,788)	29,213
Deferred tax liabilities	-	-	-	-
	27,699	8,302	(6,788)	29,213

Presented in the statement of financial position as follows:

Deferred tax assets	29,213
Deferred tax liabilities	-
	29,213

⁽ⁱ⁾ The deferred tax asset is due to unrealised gains/(losses) on financial assets and an early payment of income tax which will be recovered over time as each policyholder's policy is redeemed.

Notes to the consolidated financial statements

For the year ended 30 June 2023

7. Trade and other receivables

	2023	2022
	\$'000	\$'000
Interest and dividends receivable (current assets) ⁽ⁱ⁾	2,581	7,216
Sundry debtors (current assets)	426	190
	3,007	7,406

(i) Interest and dividends are usually receivable within 60 days under normal commercial terms and conditions.

8. Financial assets carried at fair value through profit or loss

	2023	2022
	\$'000	\$'000
Fixed interest securities (non-current assets)	94,535	88,866
Investments in unit trusts and shares (current assets)	230,304	239,025
Investments in unlisted property trusts (non-current assets)	106,356	114,672
Other equity investment (non-current assets)	9,974	8,800
	441,169	451,363

(a) Recognition and measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Society has determined that all financial assets held are assets backing the policy liabilities of the life insurance business under AASB 1038 Life Insurance Contracts. As these assets are managed on a fair value basis and are reported to the Board on this basis, they have been valued at fair value through profit or loss wherever the applicable standard allows.

(i) Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes to the consolidated financial statements

For the year ended 30 June 2023

8. Financial assets carried at fair value through profit or loss (continued)**(b) Investments in unit trusts**

The following unconsolidated structured entities are included within the 'Investments in unit trusts' as set out above.

	Fair value	Exposure	Maximum exposure to loss
Financial year ended 30 June 2023	\$'000	%	\$'000
Type of structured entities			
Unlisted property trusts	106,356	24%	106,356
Listed property trusts	20,361	5%	20,361
Fixed interest trusts	30,805	7%	30,805
Equity trusts	142,370	32%	142,370
Other unlisted trusts	36,768	8%	36,768
Investments in unit trusts and shares	336,660		336,660
Financial year ended 30 June 2022			
	Fair value	Exposure	Maximum exposure to loss
Financial year ended 30 June 2022	\$'000	%	\$'000
Type of structured entities			
Unlisted property trusts	114,672	25%	114,672
Listed property trusts	25,265	6%	25,265
Fixed interest trusts	37,847	8%	37,847
Equity trusts	138,771	31%	138,771
Other unlisted trusts	37,142	8%	37,142
Investments in unit trusts and shares	353,697		353,697

The fair value of the exposure changes daily throughout the period and in subsequent periods and will cease once the investments are disposed.

The unconsolidated structured entities are managed in accordance with the investment strategy of the respective fund managers. The return of the unconsolidated structured entities is exposed to the variability of performance of the investment strategies. The fund managers receive a fee for undertaking the management services.

The Society holds investments which are listed on the ASX and are therefore exposed to volatility in the equity capital markets. This volatility has resulted in fair value losses being recognised in the financial year in respect of these investments. In addition, the Society also holds stakes in other unlisted funds. As these funds are unlisted, they are not exposed to volatility in equity capital markets to the same extent as listed securities, however they are exposed to changes in underlying property values and potential impacts on future cashflows.

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. Trade and other payables

	2023	2022
	\$'000	\$'000
Related entities (current liabilities)	405	396
Sundry creditors ⁽ⁱ⁾	360	718
	<u>765</u>	<u>1,114</u>

⁽ⁱ⁾ Sundry creditors are non-interest bearing and payable on commercial terms between 7 and 60 days.

10. Policyholders' funds

(a) Movement in policyholders' funds

	2023	2022
	\$'000	\$'000
Unitised Benefit Funds		
Opening balance	537,064	582,011
Applications received	31,010	26,580
Redemptions paid	(45,626)	(50,186)
Deferred tax asset	550	(6,788)
Current period income/(expense)	16,734	(14,553)
Closing balance	<u>539,732</u>	<u>537,064</u>

No products with Discretionary Participation Feature in current year and prior year.

(b) Solvency and Capital Adequacy

Friendly Societies are required to hold prudential reserves over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of reserves required to be held is laid down by the Life Insurance Act 1995 and accompanying standards

Set out below is information in respect of the capital adequacy position of the Society.

	2023	2022
	\$'000	\$'000
Capital Base	2,318	2,234
Prescribed Capital Amount	1,373	1,363
Capital in excess of Prescribed Capital Amount	945	871
Capital Adequacy (%)	169%	164%
Capital Base comprises:		
Net Assets	2,318	2,234
Regulatory Adjustments applied in calculation of Additional Tier 1 Capital	-	-
Common Equity Tier 1 Capital	<u>2,318</u>	<u>2,234</u>
Total Capital Base	<u>2,318</u>	<u>2,234</u>

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. Contingent liabilities and commitments

The society has no material contractual capital commitments, nor any material contingent liabilities at 30 June 2023.

12. Remuneration of auditors

	2023	2022
	\$	\$
Audit of the financial report	31,575	32,128
Other services including AFSL, APRA annual return and regulatory compliance audit	20,968	16,064
	52,543	48,192

The auditor of the Society is KPMG Australia.

13. Related party transactions

The Society is the sole beneficiary of the Over 50s Guardian Benefit Funds Trust and Over 50s Guardian Benefit Funds Trust No.2.

(a) Related party balances

Details of the Society's interests in other related parties are as follows:

	2023			2022		
	Fair value	Units held	Ownership	Fair value	Units held	Ownership
Over 50s Guardian Benefit Fund Trust						
Centuria Office REIT	20,360,913	14,861,980	2.49%	25,265,366	14,861,980	2.49%
Centuria 8 Central Avenue Fund No.2	55,809,876	32,239,545	52.84%	60,729,631	32,239,545	52.84%
Centuria Sydney Olympic Park Fund	21,362,011	20,000,010	65.67%	22,818,011	20,000,010	65.67%
Centuria Sandgate Road Fund	12,963,000	15,000,000	21.78%	13,780,500	15,000,000	21.78%
Centuria Diversified Property Fund	16,220,753	15,976,315	9.78%	17,343,880	15,839,160	9.82%

(b) Benefit Funds

The Society, as prescribed by AASB 10, is required to recognise the assets, liabilities, income, expenses and equity of the benefit funds which it manages, in its consolidated financial statements.

Details of the benefit funds managed by the Society are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	
		2023	2022
Over 50s Mutual Benefits Fund Trust	Australia	100%	100%
Over 50s Mutual Benefits Fund Trust No. 2	Australia	100%	100%

Name of benefit fund

Over 50s Guardian Prepaid Funeral Fund No. 5
 Over 50s Guardian Prepaid Funeral Fund No. 6
 Guardian Funeral Bond

Notes to the consolidated financial statements

For the year ended 30 June 2023

13. Related party transactions (continued)

(c) Directors and director-related entities

The directors named in the Directors' Report each held office as a director of the Society for the entire year unless otherwise stated.

During the year below directors and key management personnel of the Society, were remunerated by the Society as follows:

- Mr. Garry Charny – Director \$130,000 (FY22: \$125,000)
- Mr. Peter Done – Director \$31,200 (FY22: \$30,000)
- Ms Natalie Collins – Director \$31,200 (FY22 \$30,000)

During the year, Mr. John Slater, a Non-Executive Director of Centuria Capital Limited, a related party of the Society, was paid \$156,000 (FY22: \$150,000) in relation to services provided to the Society's Investment Committee.

(d) Other transactions with directors of the Society and their director-related entities

As a matter of Board policy, all transactions with director-related entities are conducted on normal commercial or employee terms.

(i) Investments in benefit funds

Certain directors have investments in the benefit funds of the Society.

	2023	2022
	\$	\$
Aggregate investments in funds	209	202

(ii) Administration fees

As at 30 June 2023, Mr Gratwicke and Mr Chretien were directors of Memorial Guardian Plan Pty Limited which has an agreement with the Society to assist in the administration of the prepaid funeral plans.

	2023	2022
	\$	\$
Total fees paid/payable by the Society under the agreement were:	1,663,855	1,762,703

(iii) Management fees

As at 30 June 2023, Mr Done, Mr Charny and Ms Collins were directors of Centuria Life Limited and Centuria Funds Management Limited which has agreement with the Society to assist in the management of the Society.

	2023	2022
	\$	\$
<i>Total fees paid/payable by the Society to Centuria Life Limited were:</i>	3,457,182	5,082,661
<i>Total fees paid/payable by the Society to Centuria Funds Management Limited were:</i>	1,184,766	668,689
	4,641,948	5,751,350

Notes to the consolidated financial statements

For the year ended 30 June 2023

13. Related party transactions (continued)

(d) Other transactions with directors of the Society and their director-related entities (continued)

(iv) Distributions

The following cash distributions were received from related parties during the current financial year:

Distributions:	2023		2022	
	Total distributions	GBFT ownership %	Total distributions	GBFT ownership %
Centuria Office REIT	2,095,539	2.49%	2,467,089	2.49%
Centuria 8 Central Avenue Fund No.2	2,498,430	52.84%	3,223,896	52.84%
Centuria Sydney Olympic Park Fund	1,300,074	65.67%	1,300,030	65.67%
Centuria Sandgate Road Fund	1,087,557	21.78%	1,162,483	21.78%
Centuria Diversified Property Fund	886,375	9.78%	2,186,417	9.82%

(e) Amounts payable to other entities

	2023	2022
	\$	\$
Aggregate amount payable to:		
- Centuria Life Limited	308,917	298,081
- Centuria Fund Management Limited	96,240	97,519
- Memorial Guardian Plan Pty Limited	135,413	136,371
	540,570	531,971

14. Notes to the statement of cash flows

Reconciliation of profit for the period to net cash flows from operating activities

	2023	2022
	\$'000	\$'000
Profit for the year	84	230
Net unrealised loss/(gain) on financial assets	(2,469)	41,419
Net (gain)/loss on sale of financial assets	1,092	(846)
Changes in net assets and liabilities:		
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	4,399	5,239
Deferred tax assets	410	(1,514)
Income tax receivable	(1,732)	(285)
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables	(358)	479
Deferred tax liabilities	18	-
Policyholders' funds	2,668	(44,947)
Net cash flows provided by/(used in) operating activities	4,112	(225)

Notes to the consolidated financial statements

For the year ended 30 June 2023

15. Financial instruments

(a) Management of financial instruments

The Board is ultimately responsible for the Risk Management Framework of the Society.

The Society employs a cascading approach to managing risk, facilitated through delegation to specialist committees and individuals within the Society.

The Society has also established an Investment Committee. The Investment Committee's function is to manage and oversee the Society's investments in accordance with the investment objectives and framework as set down by the Board. Specifically, it has responsibility for setting and reviewing strategic asset allocations, reviewing investment performance, reviewing investment policy, monitoring and reporting on the performance of the investment risk management policy and performing risk management procedures in respect of the investments.

The Society is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Society's risk management and investment policies, approved by the Board, seek to minimise the potential adverse effects of these risks on the Society's financial performance. These policies may include the use of certain derivative financial instruments.

(b) Capital risk management

The Society manages its capital to ensure that entities in the Society will be able to continue as a going concern while adhering to applicable prudential requirements and Internal Capital Adequacy Assessment Processes (ICAAP's). This overall strategy remains unchanged from the prior year.

The capital structure of the Society consists of cash and cash equivalents and policyholder funds. The benefit funds also hold a range of financial assets for investment purposes including investments in unit trusts. The Investment Committee aims to ensure that there is sufficient capital for possible redemptions by unit holders of the benefit funds. The benefit funds have no restrictions or specific capital requirements on the application and redemption of units. The benefit funds' overall investment strategy remains unchanged from the prior year.

The Society is regulated by APRA and has a minimum Prescribed Capital Amount ("PCA") that must be maintained at all times. APRA has provided permanent relief to the management fund from the requirement that the Prescribed Capital Amount not be less than \$10m as per paragraph 25 of LPS 110. The PCA is calculated monthly and these results are reported to the Board each quarter. The Directors believe that for the foreseeable future, the PCA will continue to be met.

Operating cash flows are used to maintain and, where appropriate, expand the Society's funds under management as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Society reviews regularly its anticipated funding requirements.

The Society outsources the investment management of the benefit funds to specialist investment managers, who provide services to the Society, co-ordinate access to domestic and international financial markets, and manage the financial risks relating to the operations of the Society in accordance with an investment mandate set out in the Society's constitution and the Benefit Funds' product disclosure statements. The Benefit Funds' investment mandates are to invest in equities and fixed interest securities via unit trusts, discount securities and may also invest in derivative instruments such as futures and options.

Notes to the consolidated financial statements

For the year ended 30 June 2023

15. Financial instruments (continued)**(c) Fair value of financial instruments****(i) Valuation techniques and assumptions applied in determining fair value**

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. Discount rates are determined based on market rates applicable to the financial asset or liability.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
- The fair value of units in trusts is determined by reference to published bid prices at the close of business on the reporting date being the redemption price as established by the underlying fund's responsible entity.

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

The table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Societyed into fair value hierarchy levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 and 3 in the period.

	2023			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Fixed interest securities (non-current assets)	94,535	-	-	94,535
Investments in unit trusts and shares (current assets)	38,517	191,787	-	230,304
Investments in unlisted property trusts (non-current assets)	-	106,356	-	106,356
Other investment (non-current assets)	-	-	9,974	9,974
Total	133,052	298,143	9,974	441,169

Notes to the consolidated financial statements

For the year ended 30 June 2023

15. Financial instruments (continued)

(c) Fair value of financial instruments (continued)

(i) Valuation techniques and assumptions applied in determining fair value (continued)

	2022			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Fixed interest securities (non-current assets)	88,866	-	-	88,866
Investments in unit trusts and shares (current assets)	25,265	213,760	-	239,025
Investments in unlisted property trusts (non-current assets)	-	114,672	-	114,672
Other investment (non-current assets)	-	-	8,800	8,800
Total	114,131	328,432	8,800	451,363

(ii) Reconciliation of Level 3 fair value measurements of financial assets

	2023	2022
	\$'000	\$'000
Investment in Commencer Capital Emerging Companies Fund		
Balance at the beginning of the period	8,800	3,636
Increase of Investment	350	5,164
Fair value movement	824	-
Balance at the end of the period	9,974	8,800

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society. The Society has adopted a policy of primarily dealing with creditworthy counterparties and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating risk of financial loss from default. The credit risk on financial assets of the Society and the parent recognised in the statement of financial position is generally the carrying amount, net of allowance for impairment loss.

Concentration of risk may exist when the volume of transactions limits the number of counterparties.

(i) Credit risk on financial assets

Credit risk on other financial assets such as investments in floating rate notes, standard discount securities and unit trusts is managed through strategic asset allocations with creditworthy counterparties and the on-going monitoring of the credit quality of investments, including the use of credit ratings issued by well-known rating agencies. The exposure of credit risk in respect of financial assets is minimal. The credit risk on financial assets of the Society recognised on the statement of financial position is generally the carrying amount. Concentration of risk may exist when the volume of transactions limits the number of counterparties.

The exposure of credit risk in respect of financial assets is minimal, the majority of funds have been invested into the active liquid market. The performances of investments have been closely monitored and they are readily realisable.

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to receivables for investments sold, which are settled on a 'T+2' basis and for which the counterparties are large financial institutions. Other receivables balances are largely immaterial.

The Society does not have any significant credit risk exposure to any single entity or any Society of counterparties having similar characteristics. It is the opinion of the Society that the carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date. There were no significant concentrations of credit risk to counterparties. The benefit funds and trusts do not have any financial assets which are past due or impaired.

Notes to the consolidated financial statements

For the year ended 30 June 2023

15. Financial instruments (continued)

(e) Liquidity risk

The Society's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The members' balances in the benefit funds are able to be withdrawn only upon death and after the funeral has been provided, which can happen at any time, and the benefit funds are therefore exposed to the liquidity risk of meeting these withdrawals at any time.

Units in unlisted property trusts are investments in closed ended trusts with limited liquidity. The Society's liquidity risks are managed in accordance with the Society's investment strategies. The Society also manages liquidity risk by maintaining adequate cash and through continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Society's overall strategy to liquidity risk management remains unchanged from the prior year.

The following tables summarise the maturity profile of the Society's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the fund can be required:

	On Demand	Less than 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Policyholder funds	539,732	-	-	-	-	539,732
Payables	-	765	-	-	-	765
Total financial liabilities	539,732	765	-	-	-	540,497
2022						
Policyholder funds	537,064	-	-	-	-	537,064
Payables	-	1,114	-	-	-	1,114
Total financial liabilities	537,064	1,114	-	-	-	538,178

(f) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Society manages this risk via outsourcing its investment management; the Investment Manager manages the financial risks relating to the operations of the benefit funds in accordance with an investment mandate set out in accordance with the benefit funds constitution and product disclosure statement. There has been no change to the benefit funds' exposure to market risks or the manner in which they manage and measure the risk.

(i) Interest rate risk management

The Society's activities expose them to the financial risk of changes in interest rates. Floating rate instruments expose the funds to cash flow risk, whereas fixed interest rate instruments expose the funds to fair value interest rate risk. The Society monitors the exposure to interest rate risk.

The tables below detail the Society's exposure to interest rate risk at the reporting date by the earlier of contractual maturities or repricing interest bearing financial assets and financial liabilities.

2023	Variable rate	Fixed rate	Total
	\$'000	\$'000	\$'000
Financial assets			
Cash and cash equivalents	66,980	-	66,980
Fixed interest securities and Trusts	-	125,340	125,340
	66,980	125,340	192,320

Notes to the consolidated financial statements

For the year ended 30 June 2023

15. Financial instruments (continued)**(f) Market risk (continued)****(i) Interest rate risk management (continued)**

2022	Variable rate	Fixed rate	Total
	\$'000	\$'000	\$'000
Financial assets			
Cash and cash equivalents	50,414	874	51,288
Fixed interest securities and Trusts	-	126,713	126,713
	50,414	127,587	178,001

(ii) Interest rate sensitivity

The sensitivity analysis below has been determined based on the Society's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 100-basis point (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At reporting date, the Society is not exposed to any material interest rate sensitivity.

As at 30 June 2023, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the consolidated net profit after tax would increase by \$15,658 (2022: \$9,241) or decrease by \$15,658 (2022: \$9,241).

(iii) Foreign currency risk management

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At balance date the Society is not exposed to any material foreign exchange risk.

(iv) Price risk management

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Society has investments in unlisted trusts, which expose them to price risk. Sensitivity of these amounts to other price risk impacts policyholder liabilities rather than profit and other equity reserve attributable to shareholders.

Notes to the consolidated financial statements**For the year ended 30 June 2023****16. Parent Entity Disclosures**

As at and throughout the current and previous financial year, the parent entity of the Society was Over Fifty Guardian Friendly Society Limited.

	2023	2022
	\$'000	\$'000
Result of parent entity		
Profit for the period	84	230
Total comprehensive income for the period	84	230
Financial position of parent entity at year end		
Total current assets	303,165	298,861
Total non-current assets	239,668	241,551
Total assets	542,833	540,412
Total current liabilities	540,497	538,178
Total non-current liabilities	18	-
Total liabilities	540,515	538,178
Net assets	2,318	2,234
Total equity of the parent entity comprising of:		
Retained earnings	2,318	2,234
Total equity	2,318	2,234

17. Subsequent events

There have not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Society, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society, in future financial years.

OVER FIFTY GUARDIAN FRIENDLY SOCIETY LIMITED AND CONTROLLED ENTITIES

Directors' Declaration
For the year ended 30 June 2023

1. In the opinion of the directors of Over Fifty Guardian Friendly Society Limited:
 - (a) the attached financial statements and notes set out on pages 6 to 33 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Society's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.
2. The directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.



G.S. Charny
Director



P.J. Done
Director

Sydney
27 September 2023



Independent Auditor's Report

To the shareholders of Over Fifty Guardian Friendly Society Limited

Opinion

We have audited the **Financial Report** of Over Fifty Guardian Friendly Society Limited (the Company).

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

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 30 June 2023;
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Over Fifty Guardian Friendly Society Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.



We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Leann Yuen
Partner

Sydney

27 September 2023