sure plan
FRIENDLY SOCIETY LTD

Annual Report 2021

For the year 30 June 2021, for presentation and adoption at the 86th Annual General Meeting to be held on Thursday, 4th November 2021 at 10.00am at the United Service Club, 183 Wickham Terrace, Brisbane.

ABN: 70 087 649 456

sureplan

2021 Annual Report

sureplan FRIENDLY SOCIETY LTD

CORE BUSINESS
To provide low-cost funeral funding services (insurance and bonds) by means that are in the best interest of the members.

VISION
To be widely recognised as a successful and ethical provider of quality funeral funding services to an expanding membership base.

PURPOSE
To provide members' families with the ability to pay up-front funeral costs promptly.

VALUES
Sureplan is committed to:

- delivering value to our members through products
- maintaining the highest standards of integrity
- providing timely and responsive member service
- supporting and developing our people

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Directors' Report
for the year ended 30 June 2021

The directors of Sureplan Friendly Society Ltd (Sureplan) present the report on the Consolidated Entity for the financial year ended 30th June 2021.

DIRECTORS

The name and particulars of the directors of Sureplan in office for the whole of the financial year and up to the date of this report.

Jim Walsh LL.B, GAICD
Independent Non-Executive Director

- Qualifications, Experience & Special Responsibilities:
  - Chairman from 1/1/2019
  - Retired Deputy President, Administrative Appeals Tribunal
  - Legal Member, Mental Health Review Tribunal
  - Member of Due Diligence, Investment, Remuneration and Risk Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund

Bill Wendt MBA, FAICD, MIMC, CMAHRI, MIIE
(Retired 31/7/2021)
Independent Non-Executive Director

- Qualifications, Experience & Special Responsibilities:
  - Retired CEO Cadet Training & Employment
  - Member of Audit, Risk and Remuneration Committees
- Directors' Meetings attended: 9 of 11
- Fund Membership: Sureplan Gold

Geoffrey Woodcroft B.Bus., GradCert L & C, M.Leadership, GAICD
Independent Non-Executive Director

- Qualifications, Experience & Special Responsibilities:
  - Management Consultant, Geoff Woodcroft Consulting
  - Member of Audit, Due Diligence and Remuneration Committees
- Directors' Meetings attended: 10 of 11
- Fund Membership: Sureplan Family Fund

Russell Cole B.Com
Independent Non-Executive Director

- Qualifications, Experience & Special Responsibilities:
  - Director & Chair of Audit and Risk Committee, PTB Group Ltd
  - Director Lansdowne Corporate Services
  - Member of Risk, Audit and Investment Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund

Peter Cavanagh **(Appointed 1/8/2021)**
Independent Non-Executive Director

- Qualifications, Experience & Special Responsibilities:
  - Director Yazda Australia
  - Member of Audit, Investment, Risk and Remuneration Committees
- Fund Membership: Sureplan Gold

DIRECTOR / SECRETARY

Mary-Ann Cook B.Bus., GAICD
Non Independent Executive Director

- Qualifications, Experience & Special Responsibilities:
  - Managing Director, Sureplan Friendly Society Ltd
  - Member of Due Diligence and Investment Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund

Number of Directors' meetings held during the year - 11

NUMBER OF COMMITTEE MEETINGS HELD DURING THE YEAR AS FOLLOWS:

Committee Details	No of meetings held	Committee Members	No of meetings attended
Audit (Chairman & 2 Directors)	3	Geoff Woodcroft Bill Wendt (Chair) Russell Cole	1 3 3
Risk (Chairman & 2 Directors)	4	Jim Walsh Bill Wendt Russell Cole (Chair)	4 3 4
Due Diligence (Chairman, Director & Managing Director)	1	Geoff Woodcroft Jim Walsh (Chair) Mary-Ann Cook	1 1 1
Investment (Chairman, Director & Managing Director)	4	Russell Cole Jim Walsh (Chair) Mary-Ann Cook	4 4 4
Remuneration (Chairman & 2 Directors)	3	Jim Walsh Geoff Woodcroft (Chair) Bill Wendt	2 3 2

CORPORATE GOVERNANCE

This statement outlines the main corporate governance practices in place throughout the financial year.

Board of Directors

The Board's primary role is the protection and enhancement of members' benefits.

To fulfil this role, the Board is responsible for the overall corporate governance of the Economic Entity including risk and capital management processes, formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal controls and management information systems.

It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the Company to the Managing Director (MD). Responsibilities are delineated by formal authority delegations.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees. They are:

- Audit
- Risk
- Investment
- Due Diligence
- Remuneration.

These committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has established a framework for the management of the Economic Entity including a system of internal controls and a risk management framework.

Director Education

The Economic Entity has a formal process to educate new directors about the nature of the business, current issues, risk management, corporate strategy and the expectations concerning performance of directors. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chair, may seek independent professional advice from a suitably qualified advisor at the Economic Entity's expense.

Composition of the Board

The names of the directors of Sureplan in office at the date of this report, specifying which are independent, are set out in the Directors' Report, page 2. The composition of the Board is determined using the following principles:

- A minimum of 5 directors with a broad range of expertise
- A majority of independent non-executive directors
- A non-executive independent director as Chairperson
- Enough directors to serve on various committees without overburdening the directors or making it difficult for them to serve.

An independent director is a director who is not a member of management (a non-executive director) and who has not within the last three years been employed in an executive capacity by the Economic Entity. Directors may be considered as independent if they are free from any business or other association that could materially interfere with their independent judgment. Sureplan currently considers service greater than 12 years for Directors whose service commenced after 30/6/2020, and 20 years for Directors whose service commenced before 1/7/2020, renders a director non-independent.

GUARANTEE

In the event of Sureplan ever being wound up, members are subject to a guarantee not exceeding $2 per member if liabilities exist. The total amount that the members of Sureplan are liable to contribute if the company is wound up is $60,894 based on 30,447 current members.

AUSTRALIAN FINANCIAL SERVICES LICENCE

Sureplan holds Australian Financial Services Licence No: 245522.

OBJECTIVES

Short and Long-Term Objectives

- To provide quality funeral funding products to current and new members and to continue to develop growth opportunities including channels such as agent networks, internet, strategic alliances and member recruitment campaigns;
- To provide competent, timely and responsive service to our members and agents and meet distribution expectations;
- To always comply with all the Australian Prudential Regulation Authority's (APRA) Prudential Standards and maintain their confidence in our ability to satisfy these Standards going forward;
- To always comply with all the requirements of the Corporations Act and with all conditions under our licence, including all financial and reporting requirements;
- To ensure Sureplan's investment strategies are sound, ethical and accord with risk tolerance levels set by the Board as expressed in Sureplan's Risk Appetite Statement;
- To attract, retain and develop quality staff;
- To maintain effective and efficient business systems while operating in a low interest rate environment that has resulted in reduced cashflow into the Management Fund; and
- To ensure that Sureplan complies with all statutes regarding governance and has strong strategic direction.

VALUES

Sureplan is committed to:

- delivering value to our members through our products;
- maintaining the highest standards of integrity;
- providing timely and responsive member service; and
- supporting and developing our people.

Principal Activities during the Year

The principal activities of Sureplan during the year were as follows:

The management and administration of:

- Sureplan Family Fund
- Sureplan Gold
- Sureplan Body Transportation Funeral Fund.

Sureplan focuses exclusively on the management, development and administration of these funeral funds to ensure that results which are in the best interest of its members are achieved. These results will be attained through meeting identified operational and strategic objectives, the achievement of which will ensure the continuing supply of viable, relevant and cost-effective funeral funding options to its members.

Likely future developments and expected results

In addition to our overall objectives, our key focus for the short-term will be:

- To maintain current growth rates in membership for Sureplan Gold and Sureplan Body Transportation Funeral Fund;
- To manage Sureplan Family Fund; and
- To achieve better than a breakeven financial result at 30/6/2022.

This focus is specifically driven by the current low interest environment.

Measurement of Performance

Sureplan has established a rigorous reporting and measurement regime where, on monthly and quarterly bases, operational results, recruitment levels and strategies are measured against budgeted benchmarks, Business and Strategic Plans. Progress toward targets is assessed and any remedial activity is determined. Specific success measures for all strategies have been determined and are incorporated into this regime.

Risk Management

Sureplan maintains a risk management framework that enables it to appropriately develop and implement strategies, policies, procedures and controls to manage different types of material risks. Policies and procedures are in place to provide the Board with a comprehensive institution-wide view of its material risks.

Sureplan's risk management framework is the totality of systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk. Material risks are those that could have a material impact, both financial and non-financial, on the Company or on the interests of members.

Sureplan's risk management framework includes but is not limited to:

(a) an established risk appetite;

(b) a risk management strategy;

(c) a business plan;

(d) a strategic plan;

(e) policies and procedures supporting clearly defined and documented roles, responsibilities and formal reporting structures for the management of material risks throughout Sureplan;

(f) a designated risk management function;

(g) an Internal Capital Adequacy Assessment Process (ICAAP);

(h) an Information Security Policy and Framework;

(i) a management information system (MIS) that is adequate, both under normal circumstances and in periods of stress, for measuring, assessing and reporting on all material risks across the company; and

(j) a review process to ensure that the risk management framework is effective in identifying, measuring, evaluating, monitoring, reporting, and controlling or mitigating material risks.

Sureplan's risk management framework includes forward-looking scenario analysis and stress-testing programs, commensurate with its size, business mix and complexity, and which are based on severe but plausible assumptions.

Sureplan's MIS provides the Board, Board committees and senior management with regular, accurate and timely information concerning Sureplan's risk profile. The MIS is supported by a robust data framework that enables the aggregation of exposures and risk measures across business lines, prompt reporting of limit breaches, and forward-looking scenario analysis and stress-testing. Sureplan's data quality is adequate for timely and accurate measurement, assessment and reporting on all material risks and provides a sound basis for making decisions.

Sureplan's risk management framework, at a minimum, addresses:

(a) credit risk;

(b) market and investment risk;

(c) liquidity risk;

(d) insurance risk;

(e) operational risk;

(f) information technology (IT) risk;

(g) risks arising from its strategic objectives and business plans; and

(h) other risks that, singly or in combination with different risks, may have a material impact on the institution.

ICAAP

Sureplan has established an Internal Capital Adequacy Assessment Process to assess and manage risk and maintain capital levels commensurate with its Risk Appetite and business strategy.

This ICAAP Summary Statement is a high-level document that describes and summarises the risk management and capital assessment and management processes of Sureplan.

The objective of Sureplan's ICAAP is to ensure an appropriate level of capital is maintained by Sureplan at all times and to meet the requirements of stakeholders, including APRA and members.

The ICAAP integrates Sureplan's risk and capital management processes. It provides the Board and management with a framework within which business planning, business targets and day-to-day decision-making will be made, taking account of Sureplan's Risk Appetite and the need to maintain capital adequacy. It is designed to reflect the size, nature and complexity of Sureplan. It is designed to meet Sureplan's needs in a timely and effective manner and to recognise that capital is the price for risk and that business decisions drive risk.

Sureplan's Board is responsible for ensuring an appropriate level and quality of capital is maintained, given the risks arising from the activities of Sureplan. Under stress scenarios, Sureplan Gold had a short fall in capital for reserving requirements in September 2020. The shortfall in capital was caused by a fall in interest rates in the quarter and a small increase in the modified duration of Sureplan Gold's assets. To address this shortfall and to allow investment in longer-dated higher yielding securities, the Board resolved to transfer $2 million of seed capital from the Management Fund to Sureplan Gold. This capital transfer was approved by APRA on 23/11/2020.

Sureplan has incorporated into its risk management framework the role of a Chief Risk Officer (CRO). Prudential standards require that Sureplan has a CRO who must be involved in, and have the authority to provide effective challenge to, the activities and decisions that may materially affect the institution's risk profile. Because the CRO must be independent from business lines, other revenue-generating responsibilities and the finance function, Sureplan has outsourced this function.

The CRO has a direct reporting line to the Managing Director and has regular and unfettered access to the Board and the Risk Committee. The CRO is involved in

Sureplan's strategy and business plan/budget formation and approval process. The CRO also provides input to the Appointed Actuary relevant to the Financial Condition Report, will provide advice on new product development, links to internal and external audits and provides specific risk and governance training to Sureplan's management and Board.

Risk Management developments 2020/2021

In 2020/2021 the risk management framework was further strengthened with:

- An Internal Audit of IT operations and security. The object of the internal audit was to consider the design, and testing thereof, of the internal controls implemented in respect of IT operational and security processes including the performance of unauthenticated external penetration testing. No significant breaches or findings were identified in the audit.
- The ongoing real-time testing of Sureplan's Business Continuity Management Plan through its application to provide seamless service to members during COVID-19 community shutdowns.
- Sureplan Family Fund's asset portfolio restructure in September 2020 has secured the liquidity of the Family Fund well beyond the short to medium term by replacing zero coupon bonds with coupon bonds. The new portfolio is tradeable and easy to liquidate as maturity demands increase.

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

Net profit for year

The 2020/2021, Operating Profit or Loss of the Economic Entity after income tax, amounted to a profit of $280,264. In 2019/2020, it was a profit of $193,405.

All prudential reserving requirements in all the funds were met during the year (except for the capital reserve shortfall detailed above). Sureplan Gold paid a pre-tax bonus at a rate of 0.8%, which is lower than the rate paid in 2019/2020 (1%) but is still a reasonable return in the continuing, historically low interest rate environment.

General

Sureplan has operated in a low interest rate, low inflation environment for the past decade. This environment was impacted by the outbreak of COVID-19 in 2019/2020 and it was further exacerbated in 2020/2021 by the emergence of the highly contagious COVID-19 Delta Strain. Reserve Bank responses to COVID-19 drove yields in the fixed-interest market to an all-time low in 2019/2020 and the Delta outbreak has further weakened the economy. Interest rates available for low-risk investments have continued to fall but the market in 2020/2021 did not experience the same level of volatility as in the previous year.

This low-income environment impacts broadly on Sureplan in areas such as income, recruitment, members' surplus distribution and prudential reserving requirements. It is driving surplus distribution rates down and prudential reserving requirements up. The depressed income environment, flowing from the pandemic's economy-wide impacts, is now seen as the norm and forecasts suggest that recovery in interest-rate investments may be a decade away. In 2020/2021, Sureplan made strategic capital decisions to mitigate long-term, low interest rate risks. They were:

- $2,000,000 Seed Capital transfer from the Management Fund to Sureplan Gold; and
- $3,000,000 Solvency Capital transfer from the Family Fund to the Management Fund.

BDO Audit Pty Ltd has provided external audit services to Sureplan for 15 years and in March 2021, as part of our corporate governance review, Sureplan determined to invite tenders for the provision of this service. The successful tenderer was Nexia Brisbane Audit Pty Ltd (Nexia). Subsequently BDO Audit Pty Ltd resigned as Sureplan's statutory auditor and ASIC consented to their resignation. The members were advised of the change in auditors by website notice on 17/6/2021. The membership will be asked to ratify the appointment of Nexia as Sureplan's auditor for the year ended 30/6/2021 at the upcoming Annual General Meeting.

From 1/1/2021, all Sureplan's funeral funds are now designated as financial products and are fully subject to Chapter 7 of the Corporations Act.

The major operational focus in 2020/2021 has continued to be the improved marketing of Sureplan Gold, resulting in an overall expansion of the membership database and funeral director agency network.

SUREPLAN FAMILY FUND

Sureplan Family Fund (the Fund) is an insurance product that provides a benefit on death that has to be applied to the funeral cost of the member. It is not an accumulation product. Members on joining the Fund select the level of cover that they require, and the premiums charged for that cover are based on the age of the member when joining and the level of cover selected. The premiums do not increase over the life of the policy. After members have turned 60 and are fully paid up, they pay no more premiums, and their cover remains for life. The rate of return that those premiums earn therefore has to be sufficient to grow, over the expected life of the policy, the total of premiums paid to at least equal the benefit promised. In this now entrenched economic cycle of low interest rates, premiums paid for new policies cannot earn an adequate rate of return. The Board, following advice from the Approved Actuary, took the difficult decision to limit recruitment in 2018/2019 and to suspend all recruitment of new members and the issuing of additional benefits in this Fund in 2019/2020. This decision will be under constant review.

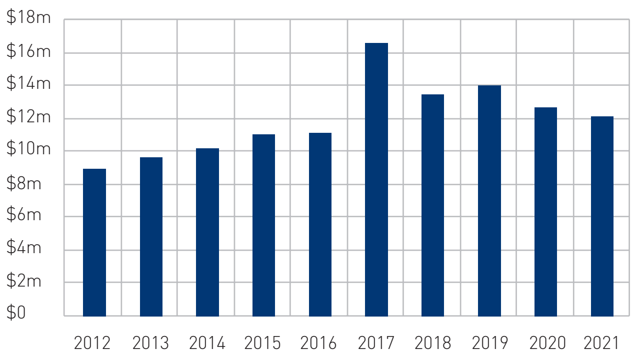
There is no risk to existing members as the Fund is well capitalised and continues to meet all prudential capital requirements. The long-standing practice of retaining surpluses to ensure that the fund meets all APRA reserving requirements has been vital during this continuing cycle of market volatility and lowering interest rates. However, the maturity bonus, established in recognition of a member's interest in the accruing surplus, was paid in 2020/2021 and will continue in 2021/2022 at the same rate as 2020/2021. This bonus is included in the calculation of members' benefits paid during the year.

As previously noted, in 2020/2021 Sureplan made strategic capital decisions to mitigate long-term, low interest rate risks. On 4/9/2020, the Treasury Corporation Victoria (TCV) zero coupon bond, maturity 7/10/2035, held by the Fund, valued at 30/6/2020 at $54,980,582, was sold and the majority of the proceeds were invested in the purchase of $25 million NSW Treasury Corp bond, maturity 24/8/2050 and $25 million TCV bond, maturity 18/8/2050. In late September 2020, further assets were liquidated to fund the purchase of another $16.8 million TCV bond, maturity 18/8/2050. This portfolio restructure benefits the Fund by providing higher yields, longer duration to give better protection against a fall in interest rates, and essential liquidity. The level of management fees to be taken from the Fund was also significantly reduced causing an increase in the prudential reserving requirements of the Management Fund. To mitigate this threat, $3 million of the $10 million reserve held in this Fund, was transferred as a Solvency Capital Reserve to be held in the Management Fund. This is in keeping with Sureplan's promise to members that capital would only be utilised to meet prudential reserving requirements. The society as a whole still retains the $10 million reserve.

Sureplan Family Fund had 14,649 current members at 30/6/2021 (2020: 14,885). There were no policies paid in 2020/2021 to unclaimed moneys. However, this is a timely reminder to members to keep their contact details current.

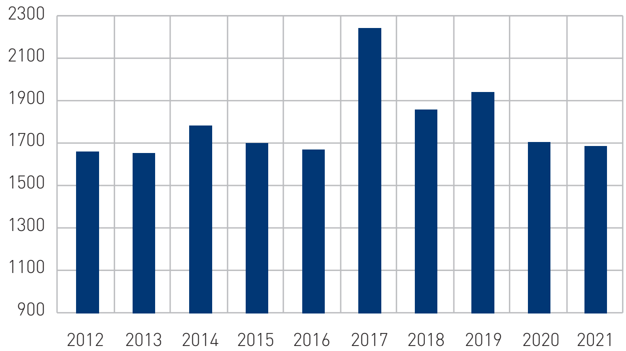
SUREPLAN GOLD

In 2020/2021 Sureplan continued the successful strategy of positioning itself as a conservative and reliable funeral fund specialist that provides prompt and accurate service to members and channel partners. The preservation of members' funds is Gold's key objective and bonus rates will be both predictable and low in volatility by nature. However, they will reflect the low yields returned by investment in low-risk assets.



SUREPLAN GOLD ANNUAL CONTRIBUTIONS $

This continuing low interest rate environment impacts on prudential reserving requirements and as detailed above 2 million seed capital has been provided to the Gold Fund to allow investment in longer-dated higher yielding securities.



SUREPLAN GOLD APPLICATIONS

Recruitment numbers met budget in 2020/2021. The average value of a bond at 30/6/2021 is $6,237 (2020: $6,417). As in previous years, the ongoing growth and maintenance of the funeral director network is still a major focus and will not be materially impacted by changes to the Corporations Act.

The rate of bonus distribution for the year ending 30 June 2021 was 0.8% (2020: 1%) which is reflective of another difficult financial year of declining investment rates. The bonus rate is indicative of the low-risk investment strategy of this fund and the continuing low interest rate environment. Management fees were reduced to 1% in 2020/2021 to combat these influences and will be further reduced to 0.9% in 2021/2022.

Surplus of $2,611,738 (2020: $1,369,176) was retained to meet prudential reserving requirements.

This fund had 15,798 current members at 30/6/2021 (2020: 15,437)

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

This fund has progressed steadily during the year. There were no claims made in 2020/2021. This fund had 1,496 current members at 30/6/2021 (2020: 1,455).

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 on the following page.

SIGNIFICANT AFTER BALANCE DATE EVENTS

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected the operations of Sureplan, the results of those operations or the state of affairs of Sureplan, in future financial years.

Signed in accordance with a resolution of the Directors.

Director
Dated: 28th September 2021
Place: Brisbane

Declaration of Independence

To the Directors of Sureplan Friendly Society Ltd

As lead auditor for the audit of Sureplan Friendly Society Ltd financial report for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

This declaration is made in respect of Sureplan Friendly Society Ltd and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Date: 28 September 2021

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

		Economic Entity		Parent Entity	
		2021	2020	2021	2020
	Note	$	$	$	$
Revenues	2	1,273,557	5,483,342	1,926,599	1,953,705
Expenses	3	(1,418,580)	(5,289,937)	(1,671,622)	(1,760,300)
Profit before income tax		(145,023)	193,405	254,977	193,405
Income tax expense	4	425,287	-	425,287	-
Net profit after income tax		280,264	193,405	680,264	193,405
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		280,264	193,405	680,264	193,405

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Note	Economic Entity 2021 $	Economic Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	2,523,411	4,870,744	505,068	561,175
Trade and other receivables	6	98,717	31,241	221,552	1,359,651
Financial assets at fair value through profit and loss	7	111,772,572	109,327,360	3,656,526	1,140,442
Other current assets		6,409	4,150	6,409	4,150
Right of Use Asset	8	94,137	160,587	94,137	160,587
TOTAL CURRENT ASSETS		114,495,246	114,394,082	4,483,692	3,226,005
NON-CURRENT ASSETS					
Financial assets at fair value through profit and loss	9	63,906,388	62,474,451	-	-
Trade and other receivables	10	-	-	2,000,000	-
Property, plant and equipment	11	9,059	5,686	9,059	5,686
Intangible assets	12	25,536	54,181	25,536	54,181
Deferred tax assets	13	430,244	5,493	430,244	5,493
TOTAL NON-CURRENT ASSETS		64,371,227	62,539,811	2,464,839	65,360
TOTAL ASSETS		178,866,473	176,933,893	6,948,531	3,291,365
CURRENT LIABILITIES					
Trade and other payables	14	210,465	224,784	187,503	170,514
Provisions	15	683,593	658,237	683,593	658,237
Current tax liabilities	4	(32,801)	135,260	(86)	-
Lease Liability	8	70,545	65,357	70,545	65,357
Policy liabilities	28	11,610,754	10,317,264	-	-
TOTAL CURRENT LIABILITIES		12,542,556	11,400,902	941,555	894,108
NON-CURRENT LIABILITIES					
Lease Liability	8	30,680	101,225	30,680	101,225
Policy liabilities	28	153,316,941	153,135,734	-	-
TOTAL NON-CURRENT LIABILITIES		153,347,621	153,236,959	30,680	101,225
TOTAL LIABILITIES		165,890,177	164,637,861	972,235	995,333
NET ASSETS		12,976,296	12,296,032	5,976,296	2,296,032
EQUITY					
Retained earnings		2,976,296	2,296,032	2,976,296	2,296,032
Reserves	28	10,000,000	10,000,000	3,000,000	-
TOTAL EQUITY		12,976,296	12,296,032	5,976,296	2,296,032

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2021

	Reserves $	Retained Earnings $	TOTAL $
ECONOMIC ENTITY			
Balance at 1 July 2019	10,000,000	2,102,627	12,102,627
Total comprehensive income for the year			
-Profit for the year	-	193,405	193,405
-Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	193,405	193,405
Balance at 30 June 2020	10,000,000	2,296,032	12,296,032
Total comprehensive income for the year			
- Profit for the year	-	280,264	280,264
- Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	280,264	280,264
Transfer from Policy Liability to Unallocated Surplus		400,000	400,000
Balance at 30 June 2021	10,000,000	2,976,296	12,976,296
PARENT ENTITY			
Balance at 1 July 2019	-	2,102,627	2,102,627
Total comprehensive income for the year			
-Profit for the year	-	193,405	193,405
-Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	193,405	193,405
Balance at 30 June 2020	-	2,296,032	2,296,032
Total comprehensive income for the year			
-Profit for the year	-	680,264	680,264
-Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	680,264	680,264
Transfer from Benefit Fund Reserves	3,000,000	-	3,000,000
Balance at 30 June 2021	3,000,000	2,976,296	5,976,296

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2021

	Note	Economic Entity		Parent Entity	
		2021	2020	2021	2020
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Members contributions received		12,649,670	13,259,160	-	-
Members claims & withdrawals		(9,900,509)	(10,523,361)	-	-
Receipts from customers		18	170	2,501,354	1,537,986
Other Income		50,000	50,000	50,000	50,000
Payments to suppliers and employees		(1,596,951)	(1,637,536)	(1,520,951)	(1,537,435)
Interest received		3,622,212	3,718,571	16,517	35,128
Interest paid on lease liability		(5,486)	(7,993)	(5,486)	(7,993)
Income tax paid		(149,606)	(123,416)	217	-
Net investment income		(578,025)	(554,450)	-	-
Surplus Transfer from Benefit Funds		-	-	400,000	-
Net cash provided by (used in) operating activities	21(a)	4,091,323	4,181,145	1,441,651	77,686
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(8,967)	(275)	(8,967)	(275)
Purchase of intangibles		(4,713)	(7,823)	(4,713)	(7,823)
Purchase of Investments		(6,359,619)	(319,681)	(2,418,721)	239,092
Net cash provided by (used in) investing activities		(6,373,299)	(327,779)	(2,432,401)	230,994
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal portion of Lease Liability paid	21(b)	(65,357)	(60,454)	(65,357)	(60,454)
Inter Company Loan		-	-	(2,000,000)	-
Capital Reserve Transfer		-	-	3,000,000	-
Net cash used in financing activities		(65,357)	(60,454)	934,643	(60,454)
Net increase/(decrease) in cash held		(2,347,333)	3,792,912	(56,107)	248,226
Cash at beginning of year		4,870,744	1,077,832	561,175	312,949
Cash at end of year	5	2,523,411	4,870,744	505,068	561,175

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, the *Corporations Act 2001*, and the *Life Insurance Act 1995*. Compliance with Australian Accounting Standards and Interpretations ensures that the financial statements and notes also comply with International Financial Reporting Standards and Interpretations.

The financial report covers Sureplan Friendly Society Ltd as the individual parent entity and the combined benefit funds of Sureplan Friendly Society Ltd as an economic entity. Sureplan Friendly Society Ltd is a company limited by guarantee, incorporated and domiciled in Australia. The parent entity financial statements have been included by taking class order relief available under CO 10/654. For the purposes of preparing the financial statements Sureplan Friendly Society Ltd is a for profit mutual entity.

The Economic Entity incorporates with the Parent Entity the following benefit funds:

- Sureplan Family Fund
- Sureplan Gold Fund
- Sureplan Body Transportation Funeral Fund
- Sureplan Management Fund

The presentation currency of the financial report is Australian dollars. The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report was authorised for issue on 28th September 2021 by the directors of Sureplan Friendly Society Ltd.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected current assets, non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Sureplan Friendly Society Ltd and all of the subsidiaries and benefit funds. 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 Parent Entity has no subsidiaries as at 30 June 2021.

The assets, liabilities and results of all subsidiaries and benefit funds are fully consolidated into the financial statements of the Economic Entity from the date on which control is obtained by the Economic Entity. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between controlled entities and benefit funds are fully eliminated on consolidation. Accounting policies of subsidiaries and benefit funds are consistent with the Economic Entity.

b. Income Tax

For Australian income tax purposes, Sureplan Friendly Society Ltd is treated as a single taxpayer comprising of its constituent policy holder benefit funds and its central management fund. As such, all of its assessable income, allowable deductions and tax offsets are pooled, and a single tax return lodged with the Australian Tax Office.

For financial reporting purposes each benefit fund and the Parent Entity recognise its own current and deferred tax assets and liabilities, apart from any deferred tax assets resulting from unused tax losses and credits, which are brought to account in the Economic Entity's Statement of Financial Position. The tax liability of each fund is subsequently assumed by the Economic Entity.

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

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

c. Property, Plant and Equipment

Each class of property, plant and equipment is stated at historical cost, including cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	16.67% to 20%
Furniture and fittings	7.5% to 20%
Computer equipment	16.67%, 20% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in the notes below.

Financial instruments are initially recognised on the trade date measured at fair value. Except for financial assets and financial liabilities recorded at fair value through profit and loss (FVPL), transactions costs are added to this amount.

Measurement categories

The Economic Entity classifies all of its financial assets based on the business model for managing assets and the asset's contractual terms. The categories include the following:

- Amortised cost or
- FVPL

Amortised Cost

Financial assets are held at amortised cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective of holding the instrument to collect contractual cash flows
- The contractual terms of the debt instrument give rise to specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, financial assets at amortised costs using the effective interest rate method (EIR), less allowance for impairment is measured. Amortised cost is calculated by taking into account any discount per premium on acquisition and fees or costs that are an integral part of the EIR. Expected Credit Losses (ECLs) are recognised in the statement of profit or loss when the financial assets are impaired.

Financial assets at amortised cost comprise of cash and cash equivalents and trade receivables.

Business model assessment

The Economic Entity determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Economic Entity holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Economic Entity considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for members and future business development.

The Economic Entity's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Economic Entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

The expected frequency, value and timing of asset sales are also important aspects of the Economic Entity's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are in a way that is different from the Economic Entity's original expectations, the Economic Entity does not change the classification of the remaining financial assets held in the business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Economic Entity assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Economic Entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets measured at fair value through profit or loss

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under AASB9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate, as explained in Note 1.i below. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial assets at fair value through profit or loss comprise of assets backing policy liabilities. As part of the investment strategy, the Economic Entity actively manages its investment portfolio to ensure that a portion of its investments mature in accordance with the expected pattern of future cash flows arising from policy liabilities. The Economic Entity determines that all financial assets at FVPL are held to back policy liabilities. Refer to Note 7 for further details

Reclassification of financial assets and liabilities
The Economic Entity does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Economic Entity acquires, disposes of, or terminates a business line.

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

- The rights to receive cash flows from the asset have expired

Or

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

The Economic Entity considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Economic Entity has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Economic Entity's continuing involvement, in which case, the Economic Entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Economic Entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Economic Entity could be required to pay.

Impairment of financial assets
Disclosures relating to impairment of financial assets are as follows:

- Impairment losses on financial instruments below under Expected Credit Loss (ECL).
- Disclosures for significant judgements and estimates Note 1(o).

The Economic Entity recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Economic Entity expects to receive, discounted at the appropriate effective interest rate.

The Economic Entity considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Economic Entity may also consider a financial asset to be in default when internal or external information indicates that the Economic Entity is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Expected Credit Loss

The Economic Entity assesses the possible default within 12 months for the calculation of the 12-month ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where the lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

In its ECL models, the Economic Entity relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Central Bank base rates

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss unless they are designated as hedges.

Fair Values

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

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. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Economic Entity.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Economic Entity uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

e. Impairment of Non-Financial Assets

At the end of each reporting period Sureplan assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit and loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of 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.

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

f. Employee Benefits

Provision is made for the Economic Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

g. Provisions

Provisions are recognised when the Economic Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

i. Revenue

Revenue is recognised at the fair value of the consideration received or receivable.

Management fees
Management fees earned from the benefit funds are calculated as an agreed percentage of the respective benefit funds' net assets, and/ or an agreed percentage of premiums or an agreed fee per member and are recognised on an accrual basis.

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income calculated using the effective interest method only includes interest on financial instruments at amortised cost or FVOCI.

The Economic Entity calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. New or amended standards adopted during the year

A number of new or amended standards became applicable for the current reporting period with no material impact to the Economic Entity. The most relevant to Economic Entity follows:

	Application date
Amendments to AASB 101 and AASB 108 - Definition of Material • AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors include a definition of 'materiality' which must be applied when judging whether information should be included, or amounts adjusted, in the financial statements. • Consequential amendments have also been made to ensure that the definition of 'material' is consistent across all IFRS Standards, as well as the Revised Conceptual Framework (2018) and IFRS Practice Statement 2 Making Materiality Judgements.	1 January 2020
Amendments to AASB 7, AASB 9 and AASB 139 - Interest Rate Benchmark Reform • These amendments were issued by the Australian Accounting Standards Board in October 2019 and modify some of the hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform. • The amendments also require disclosure of additional information about hedging relationships that are directly affected by the uncertainties caused by interest rate benchmark reform.	1 January 2020
Amendments to AASB 1054 - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia • Added a new paragraph 17 to AASB 1054 Australian Additional Disclosures which clarifies that, in complying with paragraph 30 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, entities intending to assert compliance with IFRS must also disclose the potential effect of IFRS standards that are yet to be issued by the AASB.	1 January 2020

Australian Accounting Standards Issued But Not Yet Effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2021. They have not been adopted in preparing the financial statements for the year ended 30 June 2021 and the Economic Entity intends to apply these standards from application date as indicated in the table below. The directors do not anticipate any of the new/amended standards will have a material impact on the Economic Entity.

	Application date
Amendments to AASB 101- Classification of Liabilities as Current or Non-current There are four main changes to the classification requirements: 1. The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights; 2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date; 3. Classification is based on the right to defer settlement, and not intention (paragraph 73); and 4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under AASB 132.	1 January 2023
AASB 17 Insurance Contracts AASB 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. AASB 17 replaces AASB 4, AASB 1023 and AASB 1038 for for-profit entities. The Standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.	1 January 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates This Standard amends: a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023

New or amended Standards issued by the International Accounting Standards Board (IASB) but for which an Australian equivalent standard has not yet been issued by the AASB.

From 1 January 2020 AASB 1054 requires that in order to claim compliance with IFRS under AASB 101.16 (for Tier 1 GPFR), an entity should identify and disclose the impacts of those new International Financial Reporting Standards that have been issued but are not yet effective for which there is not yet an Australian equivalent.

The following is a list of such pronouncements:

	Application date
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.	1 January 2023

m. Intangible Assets

Intangible assets that are acquired by the Economic Entity which have finite lives are measured at cost less accumulated amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Amortisation

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The amortisation rates used for each class of amortisable assets are:

Class of Intangible Asset	Amortisation Rate
Computer software	16.67 % to 20%

n. Policy Liabilities Valuation - assumptions used

Policy liabilities are measured at fair value through profit or loss. The valuation is carried out by Actuarial methods to estimate the future cash outflows from claims expected to be incurred. Claims expected to be incurred are measured based on the following variable applicable to each Fund.

1) Sureplan Family Fund

Mortality probabilities of Australian Life tables 2015-17 less 10% unchanged from the previous year.

Net discount rate of 2.07% which is based on:

Expected gross investment rate earnings	2.80%
Expected fund expenses rate	0.55%
Taxation rate 8.2%	0.18%
Future compound bonuses of	0.43%
Policy liabilities	$53,374,022
Future discretionary bonuses	$6,114,614
Maturity Bonus	$74,864
Retained surplus	$10,393,266
TOTAL	$69,956,766

2) Sureplan Body Transportation Funeral Fund
Liability valuations were calculated as the mean estimate assuming 1 in 20 deaths are eligible for funeral transport (occurring outside a 70km radius) and that the average cost of transport is $600 (unchanged), increasing with inflation at 2% p.a. The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of Australian Life tables 2015-17 less 10%, unchanged from the previous year, in line with Family Fund mortality experience.
- Net discount rate of -1.54% which is based on:
  - Expected gross investment rate earnings 0.46% less transfers from surplus at up to 2% of assets.
  - Expected fund expenses rate: Fund expenses of $4.72 (previously $5) p.a. per member
  - Taxation rate (taxed on profit) 0.00%
- Policy Liabilities $56,633, fund expenses of 2% of assets $57,830, plus future fee expenses $135,302.
- Increased policy liabilities arise from increased membership and reduced interest earnings.

3) Sureplan Gold Fund
Members' liabilities in this fund have been valued as the present value of all future benefits payable to members' nominees at current account balances. Due to the choice of valuation assumptions, the best estimate of policy liabilities is equal to the sum of members' account balances as at the valuation date.

Sureplan claims a tax deduction for the investment income component of a funeral benefit when paid.

The deduction creates a tax credit. The value of the tax credit is added to the benefit paid, but only if Sureplan has sufficient assessable income to allow for the deduction claimed.

4) Sureplan Gold Fund Provisional Bonus Allocation
Bonuses allocated to members who have not been a member for greater than 12 months do not vest in the member until 12 months' membership is attained.

o. Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Economic Entity.

Key estimates
For benefit fund actuarial assumptions refer to Note 1(n).

p. Leases

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Economic Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Economic Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Economic Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

q. Capital Adequacy Position

Following are the capital requirements for Sureplan at 30 June 2021 reported in compliance with Prudential Standard LPS 110.

Capital components of the Management Fund and all Benefit Funds aggregated are:

	Net Assets	Policy Liabilities	Surplus	DTA	PCA
Sureplan Family Fund	69,956,766	62,956,766	7,000,000	-	381,943
Sureplan Gold Fund	101,679,363	101,679,363	-	-	-
Sureplan Body Transportation Funeral Fund	291,565	291,565	-	-	-
Sureplan Management Fund	5,976,296	-	5,976,296	425,287	1,465,422
	177,903,990	164,927,694	12,976,296	425,287	1,847,365
Regulatory adjustments			242,312		
Common Equity Tier 1 Capital			12,733,984		
Tier 2 Capital			-		
Total Capital Base of Society			12,733,984		
PCA (Prescribed Capital Amount)			1,847,365		
Multiple			6.89		

NOTE 2: REVENUE

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Operating revenue				
- Revenue from Benefit Funds	-	-	1,363,561	1,869,531
	-	-	1,363,561	1,869,531
Net Investment income				
- Interest received	3,692,091	3,529,316	15,676	35,340
- Fair value movement of financial assets at fair value through the profit and loss	(2,482,470)	1,791,036	97,362	3,290
- Net Gain on sale/maturity of Bonds	(580,429)	(556,936)	-	(4,456)
Revenue Component of member contributions	594,347	669,756	-	-
Other Income	18	170	-	-
Cash Flow Boost	50,000	50,000	50,000	50,000
Surplus transfer from Benefit Funds	-	-	400,000	-
Total Income	1,273,557	5,483,342	1,926,599	1,953,705

NOTE 3: EXPENSES

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Claims Expense	631,198	922,029	-	-
Member Liability Revaluation	(2,955,688)	1,830,076	-	-
Depreciation of plant and equipment	5,594	5,072	5,594	5,072
Amortisation of computer software	33,358	43,440	33,358	43,440
Amortisation of Right of Use asset	66,450	66,449	66,450	66,449
Net expense resulting in movements in provision for employee entitlements	28,136	21,935	28,136	21,935
Superannuation contributions expense	62,193	62,463	62,193	62,463
Employment Expenses	663,984	690,149	663,984	690,149
Interest Expense Lease	5,486	7,993	5,486	7,993
Marketing Expenses	226,620	379,818	226,620	379,818
Administration Expenses	624,796	545,142	579,801	482,981
Transfer to Policy Liability	2,026,453	715,371	-	-
	1,418,580	5,289,937	1,671,622	1,760,300

NOTE 4: INCOME TAX

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Income tax expense				
Income tax expense/(benefit) comprises:				
Current tax expense/(benefit)	(425,287)	-	(425,287)	-
Deferred tax expense	-	-	-	-
	(425,287)	-	(425,287)	-
Numerical reconciliation of income tax expense to prima facie tax payable.				
Profit before income tax	(145,023)	193,405	254,977	193,405
Prima facie tax expense on operating profit at 30% (2020:30%)	(43,507)	58,021	76,493	58,021
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Management Fees	(409,068)	(560,859)	(409,068)	(560,859)
Non-Deductible Management Fund expenses	12,839	20,620	12,839	20,620
Imputation Credits	-	(749)	-	(749)
Taxable Trust Distributions	777	5,116	777	5,116
Timing differences	253	(64)	253	(64)
Non-Taxable movement Investments	(44,209)	(15,987)	(164,209)	(15,987)
Tax loss	57,628	493,902	57,628	493,902
Income tax expense	(425,287)	-	(425,287)	-
Tax Assets				
Non-Current tax asset	(425,287)	-	(425,287)	-
Tax liabilities				
Provision for Income Tax	(32,801)	135,260	(86)	-

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Cash at bank (at call interest paid monthly)	2,523,211	4,870,544	504,868	560,975
Petty Cash	200	200	200	200
	2,523,411	4,870,744	505,068	561,175

NOTE 6: TRADE AND OTHER RECEIVABLES (CURRENT)

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Sundry Debtors	-	-	216,390	1,351,192
Accrued Interest	96,109	26,230	2,554	3,395
Other receivables	2,608	5,011	2,608	5,064
	98,717	31,241	221,552	1,359,651

There are no balances within trade and other receivables that contain assets that are impaired or past due.

NOTE 7: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CURRENT)

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Managed Public Securities at fair value	94,747,194	105,511,292	3,062,400	547,818
Term Deposits (30 days to less than 1 year's duration)	16,997,001	3,776,157	594,126	592,624
Cash Enhanced Funds at fair value.	28,377	39,911	-	-
	111,772,572	109,327,360	3,656,526	1,140,442

NOTE 8: LEASES

Economic Entity as a lessee

The Economic Entity leases one property for office space. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Rights-of-use-assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Leased Office Premises	227,036	227,036	227,036	227,036
Accumulated amortisation	(132,899)	(66,449)	(132,899)	(66,449)
	94,137	160,587	94,137	160,587

		Economic Entity		Parent Entity	
	Note	2021	2020	2021	2020
		$	$	$	$
Opening Balance		160,587	227,036	160,587	227,036
Amortisation	3	(66,450)	(66,449)	(66,450)	(66,449)
		94,137	160,587	94,137	160,587

Lease Liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

		Economic Entity		Parent Entity	
	Note	2021	2020	2021	2020
		$	$	$	$
Opening Balance		166,582	227,036	166,582	227,036
Interest Expense	3	5,486	7,993	5,486	7,993
Lease Payments		(70,843)	(68,447)	(70,843)	(68,447)
		101,225	166,582	101,225	166,582
Current Liability		70,545	65,357	70,545	65,357
Non-Current Liability		30,680	101,225	30,680	101,225
		101,225	166,582	101,225	166,582

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Amortisation charge of right-to-use asset	66,450	66,449	66,450	66,449
Interest Expense (included in finance cost)	5,486	7,993	5,486	7,993

There are no expenses relating to short-term leases and low-value assets that are not shown above as short-term leases during the year.

NOTE 9: LONG TERM FINANCIAL ASSETS

	Economic Entity		Parent Entity	
FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	2021	2020	2021	2020
	$	$	$	$
Managed Public Securities at fair value	-	7,493,869	-	-
State Government Treasury Bonds at fair value	63,906,388	54,980,582	-	-
	63,906,388	62,474,451	-	-

NOTE 10: LONG TERM TRADE AND OTHER RECEIVABLES

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Loan to, Benefit Funds- Seed Capital Gold	-	-	2,000,000	-
	-	-	2,000,000	-

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Plant & equipment at cost	148,115	139,148	148,115	139,148
Accumulated depreciation	(139,056)	(133,462)	(139,056)	(133,462)
Net carrying value	9,059	5,686	9,059	5,686
Movements in plant & equipment				
Opening balance	5,686	10,483	5,686	10,483
Additions	8,967	275	8,967	275
Depreciation	(5,594)	(5,072)	(5,594)	(5,072)
Closing Balance	9,059	5,686	9,059	5,686

NOTE 12: INTANGIBLES

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Computer Software	622,513	617,800	622,513	617,800
Accumulated amortisation	(596,977)	(563,619)	(596,977)	(563,619)
Net carrying value	25,536	54,181	25,536	54,181
Movements in Software				
Opening balance	54,181	89,798	54,181	89,798
Additions	4,713	7,823	4,713	7,823
Amortisation	(33,358)	(43,440)	(33,358)	(43,440)
Closing Balance	25,536	54,181	25,536	54,181

NOTE 13: DEFERRED TAX ASSETS

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Deferred Tax Asset	425,287	-	425,287	-
Sureplan Gold Members Tax Credits	4,957	5,493	4,957	5,493
	430,244	5,493	430,244	5,493
Sureplan Gold Members Tax Credits				
Opening Balance	5,493	6,175	5,493	6,175
Maturities	(536)	(682)	(536)	(682)
Closing Balance	4,957	5,493	4,957	5,493
Total movements	(536)	(682)	(536)	(682)

NOTE 14: TRADE AND OTHER PAYABLES

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Trade account payables	23,443	10,265	23,443	9,410
Sundry creditors and accruals	98,838	140,658	75,876	87,243
Accrued employee benefits	88,184	73,861	88,184	73,861
	210,465	224,784	187,503	170,514

Contractual cash flows from trade and other payables are equal to their carrying amounts. Trade and other payables are all contractually due within 6 months of year end.

NOTE 15: PROVISIONS

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Provision for employees Long Service Leave	233,375	219,561	233,375	219,561
Provision for Directors' Retirement Benefit	450,218	438,676	450,218	438,676
	683,593	658,237	683,593	658,237

Movements in Provision for Directors' Retirement Benefit				
Opening balance	438,676	399,001	438,676	399,001
Withdrawals	-	-	-	-
Additions	11,542	39,675	11,542	39,675
Closing Balance	450,218	438,676	450,218	438,676

NOTE 16: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or are payable for services provided by Nexia Audit Pty Ltd, the auditor of the Parent Entity (2020: BDO Audit Pty Ltd):

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Audit services				
- Auditing of the financial report	27,500	31,570	27,500	31,570
Other services				
- Other statutory assurance – Prudential and regulatory returns	13,200	14,500	13,200	14,500
- taxation services	-	20,000	-	20,000
	40,700	66,070	40,700	66,070

During the 2020/2021 financial year fees totalling $25,000 were paid or are payable for taxation services provided by BDO Services Pty Ltd.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the Economic Entity is set out below:

	Short-term benefits		Post employment benefit		
	Salary & Fees	Bonus	Other	Long-term Benefits Superannuation	Total
2021 Total Compensation	573,204	-	-	54,454	627,658
2020 Total Compensation	562,008	-	-	53,273	615,281

Remuneration shown as short-term benefits means (where applicable) wages, salaries, annual leave and sick leave, profit-sharing and bonuses, value of fringe benefits received, retirement benefits, but excludes out of pocket expense reimbursements. All remuneration to Directors was approved by the members at the previous Annual General Meeting of the Society. There are no other transactions with Key Management Personnel.

NOTE 18: RELATED PARTY INFORMATION

a. Directors

Directors in office during the financial year were:

- James Walsh (Chairman)
- Geoffrey Woodcroft
- Mary-Ann Cook (Executive Director)
- Bill Wendt (Retired 31/7/2021)
- Russell Cole

b. Transactions with directors

The directors, as members, made contributions to Sureplan Family Fund and Sureplan Gold during the current and prior year, which are trivial in nature and within normal member relationships on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the director at arm's length in the same circumstances.

c. Controlled entities

Management fees are received by the parent entity from Sureplan Family Fund, Sureplan Gold and Sureplan Body Transportation Funeral Fund in accordance with the benefit fund rules. Detail of the management fee income brought to account is disclosed in Note 2. Sureplan Friendly Society Ltd is the ultimate parent entity.

NOTE 19: CONTINGENT LIABILITIES

Sureplan has a loan facility of $300,000 (2020: $300,000) in place with the Commonwealth Bank as required under an agreement for access to the bank's PDC (Direct debit) system. This facility has not been used.

NOTE 20: PRINCIPAL PLACE OF BUSINESS

Sureplan Friendly Society Ltd is a non-listed public company, incorporated in Australia, with its registered Office and principal place of business Ground Floor, 133 Leichhardt Street, Spring Hill, Qld. Principal activities of the company are the management of three benefit funds.

NOTE 21: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Profit after income tax	280,264	193,405	680,264	193,405
Adjustments for:				
- Depreciation and amortisation	38,952	48,512	38,952	48,512
- Right-of-use asset amortisation	66,450	66,449	66,450	66,449
Change in operating assets and liabilities:				
- Increase/(decrease) in receivables	(67,475)	191,741	1,138,099	(331,758)
- Increase/(decrease) in other current assets	(2,260)	(2,406)	(2,260)	(2,406)
- (Increase)/decrease in accounts payable	(28,642)	2,768	2,667	(28,234)
- (Increase)/decrease in employee entitlements	39,679	61,610	39,679	61,610
- Transfers to tax provisions	(592,812)	(52,839)	(424,837)	68,941
- Revaluation of Investments	2,482,470	(1,791,036)	(97,363)	1,167
- Movement in Member Liability	1,874,697	5,462,941	-	-
Net cash from operating activities	4,091,323	4,181,145	1,441,651	77,686

(b) Reconciliation of net debt to cash flows arising from financing activities

Year ended 30 June 2021	Net debt opening balance	Cashflows Repayments	Non-Cash Changes		
			Lease adjustments	Accretion interest	Net debt closing balance
Lease Liabilities	-	(65,357)	166,582	-	101,225

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected the operations of the Society, the results of those operations or the state of affairs of the Society.

NOTE 23: MEMBER'S GUARANTEE

In the event of Sureplan Friendly Society Ltd ever being wound up members are subject to a guarantee not exceeding $2.00 per member if liabilities exceed assets.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Economic Entity has exposure to credit risk, liquidity risk and market risk through its transactions in a range of financial instruments including:

- Cash assets;
- Term deposits;
- Government and Commercial Paper; and
- Units in managed trusts.

This note presents information about the Economic Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and the oversight of the risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities. The Board has also appointed a Chief Risk Officer whose role is, to be involved in and have authority, to provide effective challenge to activities and decision making that may materially affect Sureplan's risk profile. This position is an outsourced function.

Risk management policies are established to identify and analyse the risks faced by the Economic Entity, to set appropriate risk limits and controls, and to monitor risk and adherence to limits.

The Economic Entity's Audit Committee oversees how management monitors compliance with the Economic Entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Economic Entity. The Audit Committee is assisted in its oversight by Internal Audit. Internal audit is an outsourced function that undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is defined as the risk of a counterparty default. For the Economic Entity it arises from default by financial institutions. The maximum exposure to credit risk at reporting date is represented by the carrying amount of the company's financial assets.

To mitigate this risk Investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is monitored by the Investment Committee and compliance reported to the Board. The Board limits all investments in cash and short-term securities to issuers with a credit rating equal to or greater than P2 (Moody's Investor Services) or BBB (S&P Australian Ratings).

Liquidity Risk

Liquidity risk is the risk that the Economic Entity will not be able to meet its financial obligations as they fall due. The key risk is that liquid funds will not be available to meet funeral benefits as members die.

To mitigate this risk, investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is to be monitored by the Investment Committee and compliance reported to the Board. The Managing Director is to include the estimated member liability in the Statement of Financial Position of the Fund's monthly report so that any material mismatch in the assets and liabilities can be identified. The Prudential Capital Requirements of each fund must be complied with at all times.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Economic Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Sureplan has no direct material exposure to market risk other than interest rate risk. Sureplan is indirectly exposed to equity price risk and has elected to disclose information in relation to this.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT.)

Interest Rate Risk

The Economic Entity is not exposed to interest rates on borrowings but is susceptible to fluctuations in interest rates on cash and cash equivalents and on investments. Unfavourable fluctuations in the market value of investments impacts directly on the performance of individual member's investments with Sureplan. This may have adverse effects on Sureplan's ability to attract new members/investment in its products.

To mitigate this risk investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is monitored by the Investment Committee and compliance reported to the Board. The primary goal of the Economic Entity's investment strategy is to maximise investment return for its members while minimising risk, given the investment profile of each fund's members. Management is assisted by external advisors in this regard.

Current interest rate exposure is as follows:

- Fixed Interest Rate $173.011 million (2020: $161.433 million)
- Floating Interest Rate $0 (2020: $4.5 million)

Interest Rate Risk Sensitivity Analysis

At 30 June 2021, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Economic Entity		Parent Entity	
	2021	2020	2021	2020
CHANGE IN PROFIT	$	$	$	$
Increase in interest rate by 1%	195,204	131,689	10,992	11,547
Decrease in interest rate by 1%	(137,676)	(82,981)	(5,941)	(5,926)

Equity Price Risk

The Economic Entity has exposure to equity markets through its investments in units in managed trusts. The key risk is that fluctuations in equity values will result in the Economic Entity not being able to meet prudential solvency and capital adequacy requirements.

To mitigate this risk, investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is to be monitored by the Investment Committee and compliance reported to the Board. The Investment Policies restrict exposure to equity markets to those funds whose liability duration matches equity duration and volatility cycles. A strategic investment of $15.5 million in Treasury Corporation of Victoria, zero coupon, 30-year bond was made in 2005 to offset the volatility of equity price risk. This investment has been sold and reinvested in $66.8 million Semi-Government Bonds maturing in 2050.

If the ASX 200 were to decline by 10%, Sureplan's listed investments would decline by $519,132

If the ASX 200 were to increase by 10%, Sureplan's listed investments would increase by $519,132

Capital Risk Management

Sureplan considers its capital to consist of its accumulated retained earnings.

In managing its capital, Sureplan's primary objective is to ensure its continued ability to meet its promised members' benefits and to provide a consistent return for its members through a combination of capital growth and bonus allocation.

This policy balances risk and returns at an acceptable level and also maintains a sufficient funding base to enable Sureplan to meet its working capital and strategic investment needs.

NOTE 25: FAIR VALUE OF FINANCIAL INSTRUMENTS

a) The carrying amounts and fair values of our financial assets are shown below:

ECONOMIC ENTITY	As at 30 June 2021 Carrying Amount	As at 30 June 2021 Fair Value	As at 30 June 2020 Carrying Amount	As at 30 June 2020 Fair Value
Financial Assets	$	$	$	$
Term Deposits	16,997,001	16,997,001	3,776,158	3,776,158
Commercial Paper	81,665,333	81,665,333	74,540,711	74,540,711
Government Paper	71,825,301	71,825,301	87,638,866	87,638,866
Units in Managed Trusts	5,191,325	5,191,325	5,846,076	5,846,076
	175,678,960	175,678,960	171,801,811	171,801,811

PARENT ENTITY	As at 30 June 2021 Carrying Amount	As at 30 June 2021 Fair Value	As at 30 June 2020 Carrying Amount	As at 30 June 2020 Fair Value
Financial Assets	$	$	$	$
Term Deposits	594,126	594,126	592,624	592,624
Commercial Paper	3,062,400	3,062,400	-	-
Units in Managed Trusts	-	-	547,818	547,818
	3,626,526	3,626,526	1,140,442	1,140,442

The carrying amounts and fair values of our financial liabilities are shown below:

ECONOMIC ENTITY	As at 30 June 2021 Carrying Amount	As at 30 June 2021 Fair Value	As at 30 June 2020 Carrying Amount	As at 30 June 2020 Fair Value
Financial Liabilities	$	$	$	$
Policy Liabilities	164,927,695	164,927,695	163,452,998	163,452,998

NOTE 25: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

b) Fair value estimates

The fair value estimates were determined as follows:

Investments

(i) *Assets measured at cost: Fair value is not reasonably determinable due to the unpredictable nature of cash flow and lack of suitable method of arriving at a reliable fair value.*

(ii) *Assets measured at fair value: Fair values of financial assets available for sale are determined based on quoted market prices.*

(iii) *Assets measured at amortised cost: The carrying values of financial assets held to maturity approximate their fair value due to short-term maturities of these securities.*

Fair value hierarchy

The Economic Entity measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using:

- quoted market prices in active markets for similar instruments;
- quoted prices for identical or similar instruments in markets that are considered less than active; or
- other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values for financial instruments traded in active markets are based on quoted market prices at reporting date. The quoted market price for financial assets is the current bid price. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. To the extent possible assumptions used are based on observable market prices and rates at the end of the reporting date.

NOTE 25: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

The table below categorises financial instruments measured and recognised at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	TOTAL
Economic Entity	$	$	$	$
2021				
Financial assets at fair value through profit and loss	175,678,960	-	-	175,678,960
Financial Liabilities at fair value through profit and loss	-	-	164,927,695	164,927,695
2020				
Financial assets at fair value through profit and loss	116,821,229	54,980,582	-	171,801,811
Financial Liabilities at fair value through profit and loss	-	-	163,452,998	163,452,998
Parent Entity				
2021				
Financial assets at fair value through profit and loss	3,656,526	-	-	3,656,526
2020				
Financial assets at fair value through profit and loss	1,140,442	-	-	1,140,442

The Economic Entity's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

The movement in the fair value hierarchy in the current year resulted from the sale of the Level 2 TCV bond and re-investment in Level 1 semi-government bonds.

Valuation techniques used to derive Level 2 and 3 fair values recognised in the financial statements

The following table sets out the valuation techniques used to measure fair value within Level 2, including a description of the significant inputs used.

Description	Valuation approach and inputs used
Financial assets at fair value through profit and loss.	Actuarial valuation of bonds is undertaken using comparisons to similar investments for which market observable prices are available.

The following table sets out the valuation techniques used to measure fair value within Level 3, including a description of the significant inputs used.

Description	Valuation approach and inputs used
Financial liabilities at fair value through profit and loss.	Actuarial valuation of policy liabilities is undertaken using unobservable inputs for the liability for each type of Fund as disclosed in Note 1 (n).

Valuation process

Sureplan's Appointed Actuary calculates liabilities in accordance with APRA Prudential Standards.

NOTE 26: INTEREST RATE RISK

Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets, is as follows

	Weighted Average Effective Fixed Interest Rate		Interest Rate: Fixed Interest Within 1 Year		Fixed Interest 1 to 5 years		Fixed Interest Greater than 5 years		Floating Interest Rate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	$	$	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL ASSETS:												
Cash and cash equivalents	0.01	0.01	-	-	-	-	-	-	2,523,411	4,870,744	2,523,411	4,870,744
Investments	4.2	4.2	20,628,055	23,096,574	43,929,370	38,714,138	105,930,211	99,623,046	-	4,521,977	170,487,636	165,955,735
Total Financial Assets			20,628,055	23,096,574	43,929,370	38,714,138	105,930,211	99,623,046	2,523,411	9,392,721	173,011,047	170,826,479

The Total Financial Assets figure above does not include $5,191,325 (2020: $5,846,076) assets in Unit Trusts.

			Fixed Interest Within 1 Year		Fixed Interest 1 to 5 Years		Floating Interest Rate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	$	$	$	$	$	$	$	$
PARENT ENTITY FINANCIAL ASSETS:										
Cash and cash equivalents	0.01	0.01	-	-	-	-	505,068	561,175	505,068	561,175
Investments	1.85	1.86	594,126	592,624	3,062,400	-	-	-	3,656,526	592,624
Total Financial Assets			594,126	592,624	3,062,400	-	505,068	561,175	4,161,594	1,153,799

The Total Financial Assets figure above does not include $0 (2020: $547,818) assets in Unit Trusts.

NOTE 27: MATURITY PROFILE FINANCIAL LIABILITIES

Maturity Profile of Financial Liabilities

	Within 1 Year		1-5 Years		Over 5 Years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL LIABILITIES:								
Trade and other Payables	210,465	224,784	-	-	-	-	210,465	224,784
Lease Liability	70,545	65,357	30,680	101,225	-	-	101,225	166,582
Member's Liability	11,610,754	10,317,264	35,310,048	33,534,340	118,006,893	119,601,394	164,927,695	163,452,998
Total Financial Liabilities	11,891,764	10,607,405	35,340,728	33,635,565	118,006,893	119,601,394	165,239,385	163,844,364

	Within 1 Year		1-5 Years		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
PARENT ENTITY FINANCIAL LIABILITIES:						
Trade and other Payables	187,503	170,514	-	-	187,503	170,514
Lease Liability	70,545	65,357	30,680	101,225	101,225	166,582
Total Financial Liabilities	258,048	235,871	30,680	101,225	288,728	337,096

NOTE 28: BENEFIT FUND SUMMARY FOR THE YEAR ENDED 30 JUNE 2021

	Sureplan Family Fund $	Sureplan Gold $	Sureplan BTFF $	All Benefit Funds $
BENEFIT FUND ALLOCATED SURPLUS				
Value of Policy Liabilities (start of period prior to surplus allocation)	66,325,186	94,840,854	278,834	161,444,874
Allocation of surplus as at previous reporting date	-	633,456	-	633,456
Liability component of contributions	-	12,055,323	-	12,055,323
Withdrawals	-	(8,995,171)	-	(8,995,171)
Allocation of surplus	-	528,206	-	528,206
Actuarial revaluation	(2,968,420)	-	12,731	(2,955,689)
Surplus Transfer	(400,000)	-	-	(400,000)
Member's Tax Credit	-	4,957	-	4,957
Value of Policy Liabilities(end of period)	62,956,766	99,067,625	291,565	162,315,956
BENEFIT FUND PROFIT AND LOSS				
Net investment income	(2,526,918)	3,055,484	1,915	530,481
Revenue component of contributions	572,097	-	22,250	594,347
Other income	18	-	-	18
Fees to management fund	(357,427)	(998,654)	(7,479)	(1,363,560)
Claims expense	(631,198)	-	-	(631,198)
Members liability revaluation	2,968,420	-	(12,732)	2,955,688
Other expenses	(24,571)	(30,798)	(3,954)	(59,323)
Income tax expense	(421)	(255,264)	-	(255,685)
Profit/loss after tax	-	1,770,768	-	1,770,768
Unallocated Surplus (start of period)	-	1,369,176	-	1,369,176
Surplus allocated to members	-	(500,517)	-	(500,517)
Provisional allocation to members	-	(27,688)	-	(27,688)
Unallocated Surplus (end of period)	-	2,611,739	-	2,611,739
TOTAL MEMBER FUNDS				
Current Liability				11,610,754
Non-Current Liability				153,316,941
Reserves				7,000,000
(Value of Policy Liabilites plus Unallocated Surplus)				171,927,695
BENEFIT FUND BALANCE SHEET SUMMARY				
Net Assets (Total Member Funds)	62,956,766	101,679,364	291,565	164,927,695
Other Liabilities	118,516	2,085,241	3,494	2,207,251
Reserves	7,000,000	-	-	7,000,000
Total Assets	70,075,282	103,764,605	295,059	174,134,946

Directors' Declaration

The directors of Sureplan Friendly Society Ltd declare that:

a) The accompanying financial statements are in accordance with the *Corporations Act 2001* and:

   i. comply with Accounting Standards and the Corporations Regulations 2001;

   ii. give a true and fair view of the financial position for the year ended 30 June 2021 and the performance for the year ended on that date; and

   iii. comply with International Financial Reporting Standards as disclosed in note1.

b) The allocation and distribution of the surplus of the benefit funds of the company have been made in accordance with Division 5 of Part 4 of the *Life Insurance Act 1995* and the benefit fund rules of each fund; and

c) No assets of any benefit fund have been applied or invested in contravention of the Act; and

d) As at the date of the statement, there are reasonable grounds to believe that the company and each of its benefit funds, will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the directors.

J.F. Walsh.

DIRECTOR
Dated: 28th September 2021
Place: Brisbane

Independent Auditor's Report

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sureplan Friendly Society Ltd (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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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:

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

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

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

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Nexia Australia

Independent Auditor's Report to the Members of Sureplan Friendly Society Ltd (continued)

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

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

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Nexia Australia

Independent Auditor's Report to the Members of Sureplan Friendly Society Ltd (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane QLD 4000

Date: 28 September 2021

SUREPLAN FAMILY FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
INVESTMENT INCOME			
Interest		856,381	194,091
Changes in net market values	4	(3,383,299)	2,769,646
TOTAL INVESTMENT INCOME/EXPENSE		(2,526,918)	2,963,737
Direct investment expense		14,328	13,894
NET INVESTMENT INCOME		(2,541,246)	2,949,843
Revenue component of member contributions		572,097	652,757
Other Income	5	18	170
TOTAL INCOME		(1,969,131)	3,602,770
OPERATING EXPENSES			
Fees to management fund	11	357,427	810,924
Claims expense		631,198	921,479
Member liability revaluation		(2,968,420)	1,822,817
Other expenses	2	10,243	29,402
TOTAL OPERATING EXPENSES		(1,969,552)	3,584,622
OPERATING PROFIT/LOSS BEFORE INCOME TAX		421	18,148
Income Tax Expense	3	421	18,148
OPERATING PROFIT/LOSS AFTER INCOME TAX		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-
Unallocated Surplus or Deficiency at the beginning of the reporting period			
Transfer to Reserves		-	-
TOTAL AVAILABLE FOR ALLOCATION		-	-
Allocated to members		-	-
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
ASSETS			
Cash and Cash Equivalents	6	276,992	184,742
Trade and other receivables	7	577	-
Financial Assets	8	69,797,713	77,415,855
TOTAL ASSETS		70,075,282	77,600,597
LIABILITIES			
Trade and other payables	9	118,516	1,275,411
TOTAL LIABILITIES		118,516	1,275,411
NET ASSETS		69,956,766	76,325,186
MEMBERS FUNDS			
Value of Policy Liabilities	10	63,356,766	66,325,186
Surplus Transfer	11	(400,000)	-
Reserves		7,000,000	10,000,000
TOTAL BENEFIT FUND MEMBERS' FUNDS		69,956,766	76,325,186

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by members of the company which has been drawn up in accordance with the *Life Insurance Act 1995*. The directors have determined that the fund is not a reporting entity.

The financial report has been prepared in accordance with the measurement requirements of all Australian Accounting Standards and the disclosure requirements of the following Australian Accounting Standards:

AASB 110:	Events after the Balance Sheet Date
AASB 101:	Presentation of Financial Statements
AASB 108:	Accounting Policies, Changes in Accounting and Errors

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

b) Financial Assets and Liabilities

The carrying amount of Financial Assets and Liabilities recorded in the financial statements are disclosed at net fair values as determined by reference to expected future net cash flows.

c) Credit Risk Exposure

The maximum credit risk exposure of Financial Assets is represented by the carrying amounts of assets recognised in the Statement of Financial Position net of any provision for losses. The fund does not have any significant concentrations of credit risk with any single counterparty or Economic Entity of counterparties with the exception of funds invested with recognised financial institutions or state governments.

d) Receivables

Receivables represent the principal amounts due at balance date less, where applicable, any provision for impairment.

e) Income Recognition

Investment income is brought to account when the right to receive the income is established.

f) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus where applicable any accrued interest.

g) Policy Liabilities Valuation

Mortality probabilities of Australian Life tables 2015-17 less 10% unchanged from the previous year.

- Net discount rate of 2.07% which is based on:

Expected gross investment rate earnings	2.80%
Expected fund expenses rate	0.55%
Taxation rate 8.2%	0.18%
Future compound bonuses of	0.43%

Policy liabilities	$53,374,022
Future discretionary bonuses	$6,114,614
Maturity Bonus	$74,864
Retained surplus	$10,393,266
TOTAL	$69,956,766

NOTE 2: OTHER EXPENSES

	2021	2020
	$	$
Actuary & Valuation Fees	8,235	7,800
Bank fees & taxes	1,951	20,182
Stamp Duty	57	565
Legal Fees	-	855
	10,243	29,402

NOTE 3: INCOME TAX

TAX EFFECT OF POLICIES SOLD POST 31/12/2002
INCOME TAX EXPENSE

The amount provided in respect of income tax differs from the amount prima facie payable on operating surplus. The difference is reconciled as follows:

	2021	2020
	$	$
Operating Surplus before tax	60,000	55,000
Prima facie tax on operating profit at 30%	18,000	16,500
Add tax effect of Permanent differences (exempt income)	(151,718)	(190,119)
Assessable Income	134,139	191,767
Income tax attributable to operating surplus	421	18,148

NOTE 4: CHANGES IN NET MARKET VALUE

SECURITIES HELD AT REPORTING DATE:		
State Government Treasury Bonds	(4,476,366)	2,582,907
Other public securities	1,093,067	186,739
	(3,383,299)	2,769,646

NOTE 5: OTHER INCOME

Miscellaneous income	18	170

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly) (effective interest rate of 0.01%) (2020:0.10%)	276,992	184,742

NOTE 7: TRADE AND OTHER RECEIVABLES

Sundry Debtors	-	-
Accrued Income	577	-
	577	-

NOTE 8: FINANCIAL ASSETS

	2021	2020
	$	$
Units in Managed Investment	5,191,325	5,298,258
Term Deposits (effective interest rate 0.26%)	700,000	-
Other Managed Public Securities at fair value	-	7,493,869
State Government Treasury Bonds - held to maturity	63,906,388	64,623,728
	69,797,713	77,415,855

	2021	2020
MATURITY ANALYSIS		
Not longer than 6 months	300,000	-
Longer than 6 months but less than 1 year	400,000	-
Other Managed Public Securities greater than 4 years but less than 10 years	-	7,493,869
CPI Bonds maturity November 2035	-	9,643,146
Semi Gov Bonds Maturity August 2050 Face Value $66.8 million	63,906,388	-
Semi Gov Bond Maturity October 2035 Face Value $75.3 million	-	54,980,582
	64,606,388	72,117,597

	2021	2020
Disclosure based on the 3 level Fair Value hierarchy		
Financial Assets at fair value through profit and loss		
Level 1	63,906,388	17,137,015
Level 2	-	54,980,582
	63,906,388	72,117,597

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on closing quoted bid prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to the fair values of these investments.

NOTE 9: TRADE AND OTHER PAYABLES

	2021	2020
Provision for Income Tax	(19,495)	1,070
Sundry creditors	138,011	1,274,341
	118,516	1,275,411

NOTE 10: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	2021	2020
	$	$
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	66,325,186	64,502,369
Revaluation of liabilities by actuarial review	(2,968,420)	1,822,817
Transfer of surplus during the year	-	-
Balance/ liability at the end of the period	63,356,766	66,325,186

NOTE 11: TRANSFER TO OR FROM MANAGEMENT FUND

Surplus Transfer	400,000	-
Fees transferred to the management fund in accordance with benefit fund rules	357,427	810,924

NOTE 12 : PRESCRIBED CAPITAL AMOUNT

Prescribed Capital Amount in accordance with Prudential Standard LPS 110	381,943	-

NOTE 13: AUDITOR'S REMUNERATION

Auditors remuneration is incurred by the management fund. No remuneration is paid by the benefit fund.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
INVESTMENT INCOME			
Interest		2,818,118	3,295,378
Changes in net market values	4	237,366	(1,520,485)
TOTAL INVESTMENT INCOME		3,055,484	1,774,893
TOTAL INCOME		3,055,484	1,774,893
OPERATING EXPENSES			
Fees to management fund	10	998,654	1,051,344
Other expenses	2	30,798	27,619
TOTAL OPERATING EXPENSES		1,029,452	1,078,963
OPERATING PROFIT/LOSS BEFORE INCOME TAX		2,026,032	695,930
Income Tax Expense	3	255,264	328,968
OPERATING PROFIT/LOSS AFTER INCOME TAX		1,770,768	366,962
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		1,770,768	366,962
Unallocated Surplus or Deficiency at the beginning of the reporting period		1,369,176	1,635,670
Transfers to/from management fund		-	-
TOTAL AVAILABLE FOR ALLOCATION		3,139,944	2,002,632
Allocated to members		500,517	596,149
Provisional Allocation to members		27,688	37,307
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		2,611,739	1,369,176

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 $	2020 $
ASSETS			
Cash and Cash Equivalents	5	1,665,775	4,056,218
Trade and other receivables	6	92,053	21,447
Financial Assets	7	102,006,778	93,029,961
TOTAL ASSETS		103,764,606	97,107,626
LIABILITIES			
Trade and other payables	8	2,085,242	258,648
TOTAL LIABILITIES		2,085,242	258,648
NET ASSETS		101,679,364	96,848,978
MEMBER FUNDS			
Value of Policy Liabilities	9	99,067,625	95,479,802
Unallocated Surplus/Deficiency		2,611,739	1,369,176
TOTAL BENEFIT FUND MEMBERS' FUNDS		101,679,364	96,848,978

The accompanying notes form part of these financial statements.

NOTE 1 : SUMMARY OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by members of the company which has been drawn up in accordance with the *Life Insurance Act 1995*. The directors have determined that the fund is not a reporting entity.

The financial report has been prepared in accordance with the measurement requirements of all Australian Accounting Standards and the disclosure requirements of the following Australian Accounting Standards:

AASB 110:	Events after the Balance Sheet Date
AASB 101:	Presentation of Financial Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

b) Financial Assets and Liabilities

The carrying amount of Financial Assets and Liabilities recorded in the financial statements are disclosed at net fair values as determined by reference to expected future net cash flows.

c) Credit Risk Exposure

The maximum credit risk exposure of Financial Assets is represented by the carrying amounts of assets recognised in the Statement of Financial Position net of any provision for losses. The fund does not have any significant concentrations of credit risk with any single counterparty or Economic Entity of counterparties with the exception of funds invested with recognised financial institutions or state governments.

d) Receivables

Receivables represent the principal amounts due at balance date less, where applicable, any provision for impairment.

e) Income Recognition

Investment income is brought to account when the right to receive the income is established.

f) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus where applicable any accrued interest.

g) Policy Liabilities Valuation

Members' liabilities in this fund have been valued as the present value of all future benefits payable to members' nominees at current account balances. Due to the choice of valuation assumptions, the best estimate of policy liabilities is equal to the sum of members' account balances as at the valuation date.

Sureplan Claims a tax deduction for the investment income component of a funeral benefit when paid. The deduction creates a tax credit. The value of the tax credit is added to the benefit paid, but only if Sureplan has sufficient assessable income to allow for the deduction to be claimed.

h) Provisional Bonus Allocation

Bonuses allocated to members who have not been a member for greater than 12 months do not vest in the member until 12 months membership is attained.

NOTE 2: OTHER EXPENSES

	2021 $	2020 $
Actuary & Valuation Fees	8,235	7,200
Bank fees & taxes	5,970	2,904
Legal Fees	16,593	17,515
	30,798	27,619

NOTE 3: INCOME TAX

TAX EFFECT OF BONDS SOLD POST 31/12/2002.
INCOME TAX EXPENSE

The amount provided in respect of income tax differs from the amount prima facie payable on operating surplus. The difference is reconciled as follows:

Operating Surplus	2,026,033	695,930
Prima facie tax on operating profit at 30%	607,810	208,779
Add tax effect of Permanent differences (exempt income)	(287,123)	683,032
Society Tax Loss	(65,423)	(493,902)
Utilisation of Society tax Losses	-	(68,941)
Income tax attributable to operating surplus	255,264	328,968

NOTE 4 : CHANGES IN NET MARKET VALUE

	2021 $	2020 $
SECURITIES HELD AT REPORTING DATE		
Gov Treasury Bonds and Other Managed Public Securities	1,124,086	(968,005)
Net Gains/(Loss) on disposal/maturity of securities	(886,720)	(552,480)
	237,366	(1,520,485)

NOTE 5 : CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0.01%) (2020: 0.10%)	1,665,775	4,056,218

NOTE 6: TRADE AND OTHER RECEIVABLES

Accrued Interest	92,053	21,427
Sundry Debtors	-	20
	92,053	21,447

NOTE 7: FINANCIAL ASSETS

Gov Treasury Bonds and Other Managed Public Securities at fair value (weighted effective average interest rate of 3.20%) (2020: 3.69%)	86,521,847	90,061,981
Term Deposits (weighted effective average interest rate of 0.8%) (2020: 1.84%)	15,484,931	2,967,980
	102,006,778	93,029,961
Maturity Analysis		
Not longer than 3 months	7,484,931	13,108,189
Longer than 3 months but not longer than 6 months	5,481,988	13,452,185
Longer than 6 months but not longer than 12 months	6,149,066	250,000
Longer than 1 year but not longer than 2 years	11,501,132	1,419,431
Longer than 2 year but not longer than 3 years	22,228,968	11,571,210
Longer than 3 years but not longer than 9 years	49,160,693	53,228,946
	102,006,778	93,029,961
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss Level 1	102,006,778	93,029,961

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

NOTE 8: TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Seed Capital Transfer from Management Fund	2,000,000	-
Sundry Creditors	98,447	125,589
Provision for Income Tax	(13,205)	133,059
	2,085,242	258,648

NOTE 9: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

MEMBERS LIABILITIES		
Balance/liability at the beginning of the period prior to surplus allocation (excluding tax credits)	94,840,854	90,388,725
Allocation of surplus as at previous reporting date	596,149	1,101,413
Allocation of Provisional Bonus previous year	37,307	84,130
Liability component of contributions	12,055,323	12,589,403
Withdrawals	(8,995,171)	(9,322,817)
Member's Tax Credits	4,957	5,492
Balance/liability at the end of the period prior to annual allocation	98,539,419	94,846,346
Proposed allocation of surplus (annual)	528,206	633,456
Balance/liability at the end of the period	99,067,625	95,479,802

NOTE 10: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	998,654	1,051,344

NOTE 11 : PRESCRIBED CAPITAL AMOUNT

Prescribed Capital Amount in accordance with Prudential Standard LPS 110	-	-

NOTE 12: AUDITOR'S REMUNERATION

Auditor's remuneration is incurred by the management fund. No remuneration is paid by the benefit fund.

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
INVESTMENT INCOME			
Interest		1,915	4,505
TOTAL INVESTMENT INCOME		1,915	4,505
Revenue Component of member contributions		22,250	17,000
TOTAL INCOME		24,165	21,505
OPERATING EXPENSES			
Fees to management fund	9	7,480	7,263
Claim Expenses		-	550
Other expenses	2	3,954	5,139
Member liability revaluation		12,731	7,259
TOTAL OPERATING EXPENSES		24,165	20,211
OPERATING PROFIT/LOSS BEFORE INCOME TAX		-	1,294
Income Tax Expense	3	-	1,294
OPERATING PROFIT/LOSS AFTER INCOME TAX		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-
Unallocated Surplus or Deficiency at the beginning of the reporting period		-	-
Transfers to/from management fund		-	-
TOTAL AVAILABLE FOR ALLOCATION		-	-
Allocated to members		-	-
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 $	2020 $
ASSETS			
Cash and Cash Equivalents	4	75,576	68,610
Trade and other receivables	5	1,539	1,408
Financial Assets	6	217,944	215,553
TOTAL ASSETS		295,059	285,571
LIABILITIES			
Trade and other payables	7	3,494	6,737
TOTAL LIABILITIES		3,494	6,737
NET ASSETS		291,565	278,834
MEMBER FUNDS			
Value of Policy Liabilities	8	291,565	278,834
Unallocated Surplus/Deficiency		-	-
TOTAL BENEFIT FUND MEMBERS' FUNDS		291,565	278,834

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by members of the company which has been drawn up in accordance with the *Life Insurance Act 1995*. The directors have determined that the fund is not a reporting entity.

The financial report has been prepared in accordance with the measurement requirements of all Australian Accounting Standards and the disclosure requirements of the following Australian Accounting Standards:

AASB 110:	Events after the Balance Sheet Date
AASB 101:	Presentation of Financial Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

b) Financial Assets and Liabilities

The carrying amount of Financial Assets and Liabilities recorded in the financial statements are disclosed at net fair values as determined by reference to expected future net cash flows.

c) Credit Risk Exposure

The maximum credit risk exposure of Financial Assets is represented by the carrying amounts of assets recognised in the Statement of Financial Position net of any provision for losses. The fund does not have any significant concentrations of credit risk with any single counterparty or Economic Entity of counterparties with the exception of funds invested with recognised financial institutions or state governments.

d) Receivables

Receivables represent the principal amounts due at balance date less, where applicable, any provision for impairment.

e) Income Recognition

Investment income is brought to account when the right to receive the income is established.

f) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus where applicable any accrued interest.

g) Policy Liabilities Valuation

Liability valuations were calculated as the mean estimate assuming 1 in 20 deaths are eligible for funeral transport (occurring outside a 70km radius) and that the average cost of transport is $600 (unchanged), increasing with inflation at 2% p.a. The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of Australian Life tables 2015-17 less 10%, unchanged from the previous year, in line with Family Fund mortality experience.
- Net discount rate of -1.54% which is based on:
  - Expected gross investment rate earnings 0.46% less transfers from surplus at up to 2% of assets.
  - Expected fund expenses rate: Fund expenses of $4.72 (previously $5) p.a. per member
  - Taxation rate (taxed on profit) 0.00%
- Policy Liabilities $56,633, fund expenses of 2% of assets $57,830, plus future fee expenses $135,302.
- Increased policy liabilities arise from increased membership and reduced interest earnings.

NOTE 2: OTHER EXPENSES

	2021	2020
	$	$
Actuary Fees	3,780	5,000
Stamp Duty	174	139
	3,954	5,139

NOTE 3: INCOME TAX

TAX EFFECT OF POLICIES SOLD POST 31/12/2002
INCOME TAX EXPENSE

The amount provided in respect of income tax differs from the amount prima facie payable on operating surplus. The difference is reconciled as follows:

Operating Surplus	15	-
Prima facie tax on operating profit at 30%	5	-
Add tax effect of Permanent differences (exempt income)	(5)	1,294
Income tax attributable to operating surplus	-	1,294

NOTE 4: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0%) (2020: 0%)	75,576	68,610

NOTE 5: TRADE AND OTHER RECEIVABLES

Sundry Debtors	614	-
Accrued Interest	925	1,408
	1,539	1,408

NOTE 6: FINANCIAL ASSETS

Term Deposits		
(weighted effective average interest rate of 0.61%) (2020: 1.50%)	217,944	215,553
Maturity Analysis		
Less than 12 months	217,944	215,553
	217,944	215,553
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss		
Level 1	217,944	215,553

NOTE 7: TRADE AND OTHER PAYABLES

Trade Creditors	3,509	5,606
Provision for Income Tax	(15)	1,131
	3,494	6,737

NOTE 8: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	2021	2020
	$	$
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	278,834	271,575
Revaluation of Liabilities by actuarial review	12,731	7,259
Allocation of surplus during the year	-	-
Balance/liability at the end of the period	291,565	278,834

NOTE 9: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	7,480	7,263

NOTE 10: PRESCRIBED CAPITAL AMOUNT

Prescribed Capital Amount in accordance with Prudential Standard LPS 110	-	-

NOTE 11: AUDITOR'S REMUNERATION

Auditors remuneration is incurred by the management fund. No remuneration is paid by the benefit fund.

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