sureplan
FRIENDLY SOCIETY LTD

Annual Report

2023

For the year 30 June 2023, for presentation and adoption at the ***88th Annual General Meeting*** *to be held on Thursday,* ***9th November 2023*** *at 10.00am at the Hotel Grand Chancellor, 23 Leichhardt St, Spring Hill Qld 4000.*

ABN: 70 087 649 456

sureplan

Annual Report

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sureplan
FRIENDLY SOCIETY LTD

CORE BUSINESS
To provide low-cost funeral funding services (insurance and bonds) by means that are in the best interests 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 our products
- maintaining the highest standards of integrity
- providing timely and responsive member service
- supporting and developing our people

CONTENTS

Directors' Report
for the year ended 30 June 2023

The directors of Sureplan Friendly Society Ltd (Sureplan) present the report on the Consolidated Entity for the financial year ended 30 June 2023.

DIRECTORS

The name and particulars of the directors of Sureplan in office during 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
  - Community Board Member, Qld Parole Board
  - Member of Due Diligence, Investment, Remuneration and Risk Committees
- Directors' Meetings attended: 10 of 10
- Fund Membership: Sureplan Family Fund

Russell Cole B.Com
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Director & Chair of Audit and Risk Committees
  - Member of Risk, Audit and Investment Committees
- Directors' Meetings attended: 9 of 10
- Fund Membership: Sureplan Family Fund

Peter Cavanagh BHMS (UQ), Grad DIP Teach (QUT)
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Member of Audit, Investment, Risk and Remuneration Committees
- Directors' Meetings attended: 10 of 10
- Fund Membership: Sureplan Gold

David Gillespie B.Com, LLB, LLM
(Appointed 1/7/2022)
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Expertise in law, commerce and technology
  - Well-published author of non-fiction works
  - Member of Audit, Due Diligence and Remuneration
- Directors' Meetings attended: 10 of 10
- 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: 10 of 10
- Fund Membership: Sureplan Family Fund

Number of Directors' meetings held during the year - 10

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)	4	Russell Cole (Chair) Peter Cavanagh David Gillespie	4 4 4
Risk (Chairman & 2 Directors)	4	Russell Cole (Chair) Peter Cavanagh Jim Walsh	4 4 4
Due Diligence (Chairman, Director & Managing Director)	0	Jim Walsh (Chair) David Gillespie Mary-Ann Cook	0 0 0
Investment (Chairman, 2 Directors & Managing Director)	3	Jim Walsh (Chair) Russell Cole Mary-Ann Cook Peter Cavanagh	3 3 3 3
Remuneration (Chairman & 2 Directors)	2	Jim Walsh (Chair) David Gillespie Peter Cavanagh	2 2 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 $60,830 based on 30,415 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 (SFF)
- Sureplan Gold (Gold)
- Sureplan Body Transportation Funeral Fund (BTFF)

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 Gold;
- To manage SFF and BTFF; and
- To achieve better than a breakeven financial result at 30/6/2024.

Significant Changes in the State of Affairs

No significant changes in the Economic Entity's state of affairs occurred during the financial year.

Environmental Regulation

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officer or Auditor

During the financial year, the Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The insurance premiums paid amounted to $41,965.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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 and 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 organisation-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 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 Sureplan; 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 ICAAP 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, 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 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 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 2022/2023

In 2022/2023 the risk management framework was further strengthened with:

- An independent review of Sureplan's internal controls.
- An independent actuarial review of Sureplan's capital position.
- The Appointed Actuary's review of Sureplan's ICAAP following the independent actuarial review held in 2021/2022. All recommended improvements have been adopted.

Vale David Burgess and Paul Finch

In 2023, sadly, two of Sureplan's founding Chairs passed away, David Burgess and Paul Finch. David and Paul had long, productive associations with Sureplan and both will be greatly missed.

Through 1994/1996, David, as Chair, was instrumental in transitioning Sureplan from a committee-based association that outsourced its administration function, to an incorporated body that managed its affairs internally. This change led to significant cost savings and provided the opportunity to develop and implement strategies to grow the business. One such initiative was the launching of Gold in August 1998, which today has over 16,000 members and assets in excess of $102 million.

Paul, at various times, served as Director, Managing Director, Business Development Manager and Chair. With his appointment as Managing Director in 1998/1999, he was pivotal in the introduction and establishment of Gold in the funeral director industry.

Sureplan owes both of these Chairs a debt of gratitude for their foresight and dedication.

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

Net profit for year

The 2022/2023, Operating Profit or Loss of the Economic Entity after income tax, amounted to a loss of $89,500 (2021/2022 loss of $277,726).

All prudential reserving requirements in all the Funds were met during the year. Gold paid a pre-tax bonus at a rate of 1.25%, which is higher than the rate paid in 2021/2022 (0.25%). The pre-tax bonus rate represents the impact of holding investments in low yield assets in a rapidly increasing inflation economy. The improved performance in 2022/2023 was driven by the re-investment of matured investments in better yielding assets, together with the shortening of the duration to maturity of held assets. This improvement is expected to continue in 2023/2024.

General

In 2021/2022 Sureplan experienced a significant fall in asset values and a subsequent decline in revenue. The decline was driven by the market's response to an increase in inflation, which was well above expectations, causing a quick and severe downturn in asset values. The financial markets had not factored in such surprising growth in inflation. Central bank tapering to reduce quantitative easing was too conservative, and when combined with supply lead factors (war/Covid) amplified inflation well above market expectations. As a consequence, interest rates rose rapidly from their then historic lows. An increasing interest rate environment tends to lower the present value of assets such as bonds.

In 2022/2023, the Reserve Bank of Australia (RBA) continued to increase the cash rate to the current 4.1%. This increase has had a negative impact on the carrying value of the very long-term assets held in the SFF but has provided improved re-investment opportunities for maturing assets in Gold.

The official rate set by the RBA is the benchmark rate in Australia. The following graph depicts the movement in the official rate for the past two decades and highlights its descent then rapid increase over the past two years.

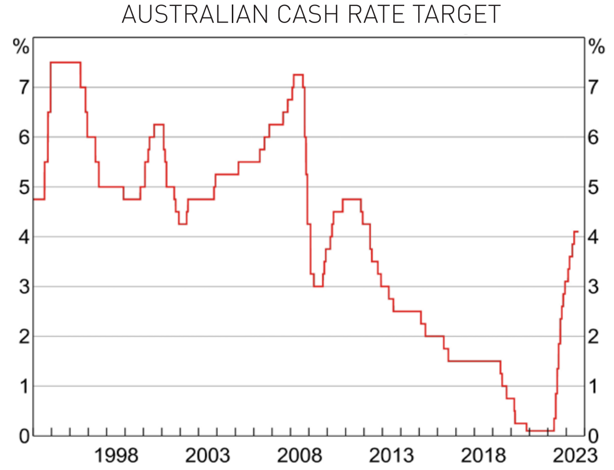

Figure 1 Australian Official Interest Rate – Source RBA

The Operating Loss in the Management Fund was generated in part by the following:

- Cost of compliance with the new accounting standard AASB (IFRS) 17: $60,000
- Reduced management fee income driven by diminished asset values in the Benefit Funds.
- Increased regulatory compliance costs.

The major operational focus in 2022/2023 has continued to be the improved marketing of Gold, resulting in an overall expansion of the Gold membership database and funeral director agency network.

New Accounting Standard AASB (IFRS) 17

AASB (IFRS) 17 for insurance contracts is a new international accounting standard in which a new methodology of calculating and reporting policy liabilities and profitability is being introduced. Compliance with the new methodology requires detailed and complicated reporting practices to be established. It became effective for accounting periods starting from 1 January 2023. Sureplan has engaged external professional expertise to quantify the impact of transition and on-going compliance costs and to develop the systems necessary for compliance. The cost of implementation is expected to be around $250,000 and that figure has been accrued in the 2022/2023 financials.

Sureplan is subject to this new standard because a SFF policy is an insurance contract under the standard and that then captures all of Sureplan's products under the standard.

SUREPLAN FAMILY FUND

SFF 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 SFF selected the level of cover that they required, and the premiums charged for that cover were 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. For many years prior to the recent increase in interest rates, premiums paid for new policies could not earn an adequate rate of return. The Board, following advice from the Appointed 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 is under constant review, particularly as interest rates normalise.

There is no risk to existing members as SFF is well capitalised and continues to meet all prudential capital requirements. The long-standing practice of retaining surpluses to ensure that SFF meets all APRA reserving requirements has been vital during this continuing cycle of market volatility and now rapidly increasing interest rates. An increasing interest rate environment tends to lower the present value of long-term bonds and the value of SFF's assets was materially impacted in the six months to 30/6/2022 and has continued that negative trend in 2022/2023. However, the capital position remains positive as the discounted present value of the member liabilities is lower than the value of assets.

The maturity bonus, established in recognition of a member's interest in the accruing surplus, was paid in 2022/2023 and will continue in 2023/2024 at a slightly higher rate than in 2022/2023. This bonus is included in the calculation of members' benefits paid during the year.

SFF had 14,118 current members at 30/6/2023 (2022: 14,373). There were no policies paid in 2022/2023 to unclaimed moneys. However, this is a timely reminder to members to keep their contact details current.

SUREPLAN GOLD

In 2022/2023 Gold continued the successful strategy of positioning itself as a conservative and reliable specialist funeral fund 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.

In 2021/2022, Gold experienced a significant fall in asset values and a subsequent decline in revenue caused by the higher-than-expected cpi rates resulting in a rapid increase in interest rates. The increase in interest rates caused the prevailing interest rates to be greater than the coupons payable from existing assets. For the first time in its history, in 2021/2022, on an accumulation basis, the market value of assets was less than the total value of member liabilities in Gold. This position has recovered somewhat in 2022/2023 and recovery is expected to continue in 2023/2024. The capital position remains positive as the discounted present value of the member liabilities is lower than the assets. The actuarial valuation at the 30/6/2023 did not reveal a deficit. Consequently, the accounting deficit does not impact the value of members' benefits. Gold has sufficient cash flow to meet all requirements and intends to hold all assets to maturity. The effect of the market discounting commenced to unwind in 2022/2023 and will completely unwind over time and Gold will benefit from this unwinding. Gold meets all APRA's reserving requirements.

Gold recruitment numbers exceeded budget in 2022/2023. The average value of a bond at 30/6/2023 is $6,340 (2022: $6,293). As in previous years, the ongoing growth and maintenance of the funeral director network is still a major focus.

The 2022/2023, accounting deficit is $3,160,926 (2022: Deficit $4,272,241)

This Fund had 16,297 current members at 30/6/2023 (2022: 16,071)

Rule Change

In the interests of simplifying Gold, the Board, in consultation with the Appointed Actuary, proposed a rule change to the members at the 2021/2022 AGM held on 10/11/2022.

That rule amendment provided the ability to allocate a 'negative bonus' to members' accounts where Gold suffered a deficit that was disclosed by an actuarial valuation or investigation. The rule change was proposed, drafted, reviewed, and recommended by Sureplan's key external assurance providers. The Board, based on that process, supported the rule change. However, upon lodgement of the proposed rule change with APRA for approval, it became evident that the rule change had unforeseen consequences and would remove Gold's members from the protection of the Life Act. This was an outcome that was not foreseen, was not desirable and had not been notified to members. The Board therefore decided that to enact the rule change was not in the best interests of members and advised APRA of its intention not to proceed with the rule change.

Therefore, the intention is to retain the status quo.

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

With the introduction of the new accounting standard AASB (IFRS) 17 it became evident that the costs for the compliance of BTFF with this standard, either in transition or ongoing, were likely to exceed the Fund's earnings. The decision was therefore taken by the Board, in the best interest of existing members of the BTFF, to suspend recruitment in this Fund effective from 1/7/2023. This decision will be reviewed, particularly as more certain compliance costings emerge.

There is no risk to existing members as the BTFF is well capitalised and continues to meet all prudential capital requirements.

There was one claim made in 2022/2023. This Fund had 1,592 current members at 30/6/2023 (2022: 1,549).

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.

J.F. Walsh.

Director
Dated: 27th September 2023
Place: Brisbane

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Declaration of Independence

To the Directors of Sureplan Friendly Society Ltd

As lead auditor for the audit of Sureplan Friendly Society Ltd I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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 P/L

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Date: 27 September 2023

Advisory. Tax. Audit.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

		Economic Entity		Parent Entity	
		2023	2022	2023	2022
	Note	$	$	$	$
Revenue	2	5,430,663	4,871,362	1,620,674	1,608,671
Other income	2	5,618,631	23,872,497	25,770	-
Expenses	3	(11,078,759)	(29,013,553)	(1,675,909)	(1,878,365)
Loss before income tax		(29,465)	(269,694)	(29,465)	(269,694)
Income tax benefit/(expense)	4	(60,035)	(8,032)	(60,035)	(8,032)
Net loss after income tax		(89,500)	(277,726)	(89,500)	(277,726)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		(89,500)	(277,726)	(89,500)	(277,726)

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2023

	Note	Economic Entity		Parent Entity	
		2023	2022	2023	2022
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	1,334,634	6,988,672	427,870	607,241
Trade and other receivables	6	460,312	84,814	228,069	136,596
Financial assets at fair value through profit and loss	7	112,782,264	102,784,060	3,402,020	3,374,546
Other current assets		5,901	11,315	5,901	11,315
Right of Use Asset	8	70,944	69,071	70,944	69,071
Current Tax asset	4	437	23,050	-	-
TOTAL CURRENT ASSETS		114,654,492	109,960,982	4,134,804	4,198,769
NON-CURRENT ASSETS					
Financial assets at fair value through profit and loss	9	40,088,948	46,206,510	-	-
Trade and other receivables	10	-	-	2,000,000	2,000,000
Property, plant and equipment	11	12,633	9,796	12,633	9,796
Intangible assets	12	9,881	13,063	9,881	13,063
Right of Use Asset	8	384,277	455,221	384,277	455,221
Deferred tax assets	13	357,220	421,744	357,220	421,744
TOTAL NON-CURRENT ASSETS		40,852,959	47,106,334	2,764,011	2,899,824
TOTAL ASSETS		155,507,451	157,067,316	6,898,815	7,098,593
CURRENT LIABILITIES					
Trade and other payables	14	526,971	453,567	257,682	336,838
Provisions	15	565,543	535,900	565,543	535,900
Lease Liability	8	55,354	60,765	55,354	60,765
Policy liabilities	28	11,904,000	11,361,000	-	-
TOTAL CURRENT LIABILITIES		13,051,868	12,411,232	878,579	933,503
NON-CURRENT LIABILITIES					
Lease Liability	8	411,166	466,520	411,166	466,520
Policy liabilities	28	136,435,347	138,490,994	-	-
TOTAL NON-CURRENT LIABILITIES		136,846,513	138,957,514	411,166	466,520
TOTAL LIABILITIES		149,898,381	151,368,746	1,289,745	1,400,023
NET ASSETS		5,609,070	5,698,570	5,609,070	5,698,570
EQUITY					
Retained earnings		5,609,070	5,698,570	5,609,070	5,698,570
Reserves		-	-	-	-
TOTAL EQUITY		5,609,070	5,698,570	5,609,070	5,698,570

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2023

	Reserves	Retained Earnings	TOTAL
	$	$	$
ECONOMIC ENTITY			
Balance at 1 July 2021	10,000,000	2,976,296	12,976,296
Total comprehensive income for the year			
- Loss for the year	-	(277,726)	(277,726)
- Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(277,726)	(277,726)
Transfer reserves to member liability	(7,000,000)	-	(7,000,000)
Transfer reserves to retained earnings	(3,000,000)	3,000,000	-
Balance at 30 June 2022	-	5,698,570	5,698,570
Total comprehensive income for the year			
- Loss for the year	-	(89,500)	(89,500)
- Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(89,500)	(89,500)
Balance at 30 June 2023	-	5,609,070	5,609,070
PARENT ENTITY			
Balance at 1 July 2021	3,000,000	2,976,296	5,976,296
Total comprehensive income for the year			
- Loss for the year	-	(277,726)	(277,726)
- Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(277,726)	(277,726)
Transfer reserves to retained surplus	(3,000,000)	3,000,000	-
Balance at 30 June 2022	-	5,698,570	5,698,570
Total comprehensive income for the year			
- Loss for the year	-	(89,500)	(89,500)
- Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(89,500)	(89,500)
Balance at 30 June 2023	-	5,609,070	5,609,070

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2023

	Note	Economic Entity		Parent Entity	
		2023	2022	2023	2022
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Members contributions received		12,677,829	12,444,392	-	-
Members claims & withdrawals		(11,321,406)	(11,271,059)	-	-
Receipts from customers		12	146	1,493,803	1,656,393
Payments to suppliers and employees		(1,840,791)	(1,711,771)	-	(1,576,149)
Interest received		4,695,017	4,365,400	(1,620,130)	37,233
Interest paid on lease liability		(15,124)	(2,777)	35,399	(2,777)
Income tax paid		22,613	27,606	(15,124)	(86)
Net investment income		(516,689)	(99,971)	-	-
Net cash provided by (used in) operating activities	21(a)	3,701,461	3,751,966	(106,052)	114,614
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(7,512)	(6,200)	(7,512)	(6,200)
Purchase of intangibles		(3,338)	(2,786)	(3,338)	(2,786)
Purchase of Investments		(9,283,884)	792,826	(1,704)	67,090
Net cash provided by (used in) investing activities		(9,294,734)	783,840	(12,554)	58,104
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal portion of Lease Liability paid	21(b)	(60,765)	(70,545)	(60,765)	(70,545)
Net cash used in financing activities		(60,765)	(70,545)	(60,765)	(70,545)
Net increase/(decrease) in cash held		(5,654,038)	4,465,261	(179,371)	102,173
Cash at beginning of year		6,988,672	2,523,411	607,241	505,068
Cash at end of year	5	1,334,634	6,988,672	427,870	607,241

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2023

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 (SFF)
- Sureplan Gold Fund (Gold)
- Sureplan Body Transportation Funeral Fund (BTFF)
- 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 27th September 2023 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 2023.

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%, 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

With the exception of State Government Treasury Bonds and Managed Public Securities which are measured at FVPL, 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 State Government Treasury Bonds, Managed Public Securities and other 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

The Economic Entity has considered all new or amended accounting standards issued by the Australian Accounting Standards Board effective for years ending 30 June 2023. The following table (displayed on page 21) identifies those standards applicable to the Economic Entity along with an analysis of the impact the new standard has had on the Economic Entities financial report.

m. Australian Accounting Standards Issued But Not Yet Effective

There have been a number of new accounting standards issued by the Australian Accounting Standards Board that are not yet effective. The following table (displayed on page 21-23) identifies those standards applicable to the Economic Entity along with an analysis of the expected impact the new standard will have on the Economic Entity's financial report.

Reference	Summary of Change	Application date of the standard	Applies to financial year ended
AASB 2020-3	***Annual Improvements to IFRS Standards 2018–2020 and Other Amendments*** This Standard amends: a) the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; b) AASB 3 to update references to the Conceptual Framework for Financial Reporting; c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and f) the fair value measurement requirements in AASB 141 to align with those in other Australian Accounting Standards. There has been no change to the Economic Entity's current presentation of the financial report as a result of this amendment.	1 January 2022	30 June 2023

Table 1 (l) New or amended standards adopted during the year

Reference	Summary of Change	Application date of the standard	Applies to financial year ended
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. NFP public sector entities are excluded from the scope of AASB 17 and continue to apply AASB 4, AASB 1023 and AASB 1038. AASB 2020-5 deferred the application date of AASB 17 to annual periods beginning on or after 1 January 2023 and made other amendments to AASB 17. Amendments are also made by AASB 2022-1 to add a transition option referred to as 'a classification overlay' relating to comparative information about financial assets if an entity first applies AASB 17 and AASB 9 *Financial Instruments* at the same time. The Directors are of the view that the requirements of AASB 17 are complex and the application of this standard will materially change the Economic Entity's current presentation of the financial report. The Directors have yet to finalise the quantifying of the impact of these new principles but work is currently in progress.	1 January 2023	30 June 2024

Table 2 (m) Australian Accounting Standards Issued But Not Yet Effective

Reference	Summary of Change	Application date of the standard	Applies to financial year ended
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 e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Additional conforming amendments to AASB 1049, AASB 1054, and AASB 1060 were made by AASB 2021-6. The Directors expect some minor changes to the disclosure of relevant accounting policies.	1 January 2023	30 June 2024
AASB 2020-1 and AASB 2022-6	***Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*** The amendments to AASB 101 specify that conditions (covenants) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, an entity discloses information about these conditions in the notes to the financial statements. Where AASB 2022-6 is adopted before its mandatory application date, AASB 2020-1 must also be applied at the same date. The Directors are of the view that there will be no change to the Economic Entity's current presentation of the financial report as a result of this amendment	1 January 2024	30 June 2025
AASB 2023-1	***Amendments to Australian Accounting Standards – Supplier Finance Arrangements*** AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements* requires the disclosure of information about an entity's supplier finance arrangements (also known as supply chain finance, payables finance or reverse factoring arrangements). The new disclosures are designed to enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. The Directors are of the view that there will be no change to the Economic Entity's current presentation of the financial report as a result of this amendment	1 January 2024	30 June 2025

Table 2 (m) Australian Accounting Standards Issued But Not Yet Effective

Reference	Summary of Change	Application date of the standard	Applies to financial year ended
AASB 2022-5	***Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*** The Standard amends AASB 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale. AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains. The Directors are of the view that there will be no change to the Economic Entity's current presentation of the financial report as a result of this amendment.	1 January 2024	30 June 2025
AASB 2023-3	***Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2*** AASB 2023-3 *Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2* clarifies the classification of loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with specified conditions. Earlier application is permitted, provided AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* is also applied at the same time. The Directors are of the view that there will be no change to the Economic Entity's current presentation of the financial report as a result of this amendment	1 January 2024	30 June 2025

Table 2 (m) Australian Accounting Standards Issued But Not Yet Effective

n. 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%

o. Policy Liabilities Valuation

The policy liabilities for the Benefit Funds are determined in accordance with Life Insurance Prudential Standard LPS 340 issued by the Australian Prudential Regulation Authority under the *Life Insurance Act 1995*. The membership and asset data upon which the valuation is based is accurate and appropriate for the purposes of the valuation.

For each of the Benefit Funds individually, the policy liability is the value of assets of the Fund minus accounting liabilities. The policy liability of each Benefit Fund represents the sum of:

- the current value of non-discretionary liabilities as determined by the Appointed Actuary; plus
- the unallocated surplus, which is the discretionary component of policy liabilities for each Benefit Fund.

There is a provision in the Benefit Funds' rules for surplus to be transferred out of the Family Fund to the Management Fund, and from the Body Transportation Funeral Fund to any other Benefit Fund. As at 30 June 2023, there were no surplus transfers from any Benefit Fund assumed in the future. For the year ending 30 June 2023, there were no surplus transfers.

There are no reserves on 30 June 2023.

The Management Fund receives specified fee transfers from the Benefit Funds to cover expenses. As there are no assumed surplus transfers, all remaining assets are to be used to provide benefits to members and hence there is no profit generated in each Benefit Fund.

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

Expense Margin

The expenses of the Benefit Funds are equal to the management allowances transferred to the Management Fund plus other expenses.

Regulatory Capital Information

Friendly Societies hold Prudential Capital over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of Prudential Capital Requirement is legislated by the *Life Insurance Act 1995* and accompanying relevant Prudential Standards. These standards have been met as at 30 June 2023.

p. 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

Directors' and Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Economic Entity expects that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as short-term employee benefits.

For benefit fund actuarial assumptions refer to Note 1(o).

q. 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.

r. Capital Adequacy Position

Following are the capital requirements for Sureplan at 30 June 2023 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	46,972,228	46,972,228	-	-	-
Sureplan Gold Fund	101,132,617	101,132,617	-	-	-
Sureplan Body Transportation Funeral Fund	234,502	234,502	-	-	-
Sureplan Management Fund	5,609,070	-	5,609,070	357,220	533,557
	153,948,417	148,339,347	5,609,070	357,220	533,557
Regulatory adjustments			2,373,002		
Common Equity Tier 1 Capital			3,236,068		
Tier 2 Capital			-		
Total Capital Base of Society			3,236,068		
PCA (Prescribed Capital Amount)			533,557		
Multiple			6.06		

NOTE 2: REVENUE AND OTHER INCOME

The economic entity has recognised the following amounts in relation to revenue and other income in the profit or loss.

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Revenue from contracts with customers - member contributions (Note 2 (a))	454,172	526,222	-	-
Other sources of revenue (Note 2 (b))	4,976,491	4,345,140	1,620,674	1,608,671
	5,430,663	4,871,362	1,620,674	1,608,671
Other income (Note 2 (c))	5,618,631	23,872,497	25,770	-

(a) Disaggregated revenue

The Economic Entity has disaggregated revenue from contracts with customers into various categories in the following table. The revenue is disaggregated in relation to the timing of revenue recognition.

Timing of revenue recognition				
Products and services transferred to customers over time	454,172	526,222	-	-

(b) Other sources of revenue

Interest received	4,976,491	4,345,140	125,271	35,721
Revenue from Benefit Funds	-	-	1,495,403	1,572,950
	4,976,491	4,345,140	1,620,674	1,608,671

(c) Other income

Member liability revaluation	5,618,618	17,422,984	-	-
Transfer to policy liability	-	6,449,367	-	-
Fair value movement of financial assets at fair value through the profit and loss	-	-	25,770	-
Other Income	13	146	-	-
	5,618,631	23,872,497	25,770	-

NOTE 3: EXPENSES

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Claims expense	947,884	1,132,152	-	-
Depreciation of plant and equipment	4,675	5,463	4,675	5,463
Amortisation of computer software	6,520	15,259	6,520	15,259
Amortisation of Right of Use asset	69,071	66,450	69,071	66,450
Net expense resulting in movements in provision for employee entitlements	5,205	26,925	5,205	26,925
Superannuation contributions expense	73,338	68,268	73,338	68,268
Employment expenses	718,786	694,723	718,786	694,723
Interest expense Lease	15,124	2,777	15,124	2,777
Marketing expenses	115,714	102,477	115,714	102,477
Administration expenses	961,662	909,880	667,476	681,133
Fair value movement of financial assets at fair value through the profit and loss	5,403,242	25,895,565	-	214,890
Net loss on sale/maturity of Bonds	497,213	93,614	-	-
Transfer to policy liability	2,260,325	-	-	-
	11,078,759	29,013,553	1,675,909	1,878,365

NOTE 4: INCOME TAX

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Income tax expense				
Income tax expense/(benefit) comprises:				
Current tax expense/(benefit)	60,035	8,032	60,035	8,032
Deferred tax expense	-	-	-	-
	60,035	8,032	60,035	8,032
Numerical reconciliation of income tax expense to prima facie tax payable.				
Profit/(loss) before income tax	(29,465)	(269,694)	(29,465)	(269,694)
Prima facie tax expense on operating profit at 30% (2022:30%)	(8,840)	(80,908)	(8,840)	(80,908)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Management Fees	(448,620)	(471,885)	(448,620)	(471,885)
Non-Deductible Management Fund expenses	23,596	(35,165)	23,596	(35,165)
Capital Gains redemption of funds	-	3,222	-	3,222
Timing differences	(4,598)	454	(4,598)	454
Non-Taxable movement Investments	(7,731)	64,467	(7,731)	64,467
Tax loss	446,193	519,815	446,193	519,815
Utilisation Tax loss from prior years	60,035	8,032	60,035	8,032
Income tax expense	60,035	8,032	60,035	8,032
Tax Assets				
Non-Current tax asset	(357,220)	(417,255)	(357,220)	(417,255)
See note 13 for movement of Sureplan Gold Members Tax Credits				
Tax liabilities				
Provision for Income Tax	(437)	(23,050)	-	-

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Cash at bank (at call interest paid monthly)	1,334,434	6,988,472	427,670	607,041
Petty Cash	200	200	200	200
	1,334,634	6,988,672	427,870	607,241

NOTE 6: TRADE AND OTHER RECEIVABLES (CURRENT)

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Sundry Debtors	-	-	199,762	127,590
Accrued Interest	432,871	76,849	16,366	1,041
Other receivables	27,441	7,965	11,941	7,965
	460,312	84,814	228,069	136,596

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	
	2023	2022	2023	2022
	$	$	$	$
Managed Public Securities at fair value	88,957,341	86,379,103	2,873,280	2,847,510
Term Deposits (30 days to less than 1 year's duration)	23,824,923	16,404,957	528,740	527,036
	112,782,264	102,784,060	3,402,020	3,374,546

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

The option was taken up in the prior year to extend the office premises lease for 7 years, from 1/12/2022 to 30/11/2029, with another 7 year option at 30/11/2029.

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

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Leased Office Premises	496,605	723,641	496,605	723,641
Accumulated amortisation	(41,384)	(199,349)	(41,384)	(199,349)
	455,221	524,292	455,221	524,292

		Economic Entity		Parent Entity	
	Note	2023	2022	2023	2022
		$	$	$	$
Opening Balance		524,292	94,137	524,292	94,137
Additions		-	496,605	-	496,605
Amortisation	3	(69,071)	(66,450)	(69,071)	(66,450)
		455,221	524,292	455,221	524,292
Current Assets		70,944	69,071	70,944	69,071
Non-Current Assets		384,277	455,221	384,277	455,221
		455,221	524,292	455,221	524,292

Lease Liabilities

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

		Economic Entity		Parent Entity	
	Note	2023	2022	2023	2022
		$	$	$	$
Opening Balance		527,285	101,225	527,285	101,225
Additions		-	496,605	-	496,605
Interest Expense	3	15,124	2,777	15,124	2,777
Lease Payments		(75,889)	(73,322)	(75,889)	(73,322)
		466,520	527,285	466,520	527,285
Current Liability		55,354	60,765	55,354	60,765
Non-Current Liability		411,166	466,520	411,166	466,520
		466,520	527,285	466,520	527,285

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Amortisation charge of right-to-use asset	69,071	66,450	69,071	66,450
Interest Expense (included in finance cost)	15,124	2,777	15,124	2,777

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	2023	2022	2023	2022
	$	$	$	$
State Government Treasury Bonds at fair value	40,088,948	46,206,510	-	-
	40,088,948	46,206,510	-	-

NOTE 10: LONG TERM TRADE AND OTHER RECEIVABLES

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Loan to, Benefit Funds- Seed Capital Gold	-	-	2,000,000	2,000,000
	-	-	2,000,000	2,000,000

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Plant & equipment at cost	161,827	154,315	161,827	154,315
Accumulated depreciation	(149,194)	(144,519)	(149,194)	(144,519)
Net carrying value	12,633	9,796	12,633	9,796
Movements in plant & equipment				
Opening balance	9,796	9,059	9,796	9,059
Additions	7,512	6,200	7,512	6,200
Depreciation	(4,675)	(5,463)	(4,675)	(5,463)
Closing Balance	12,633	9,796	12,633	9,796

NOTE 12: INTANGIBLES

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Computer Software	628,636	625,299	628,636	625,299
Accumulated amortisation	(618,755)	(612,236)	(618,755)	(612,236)
Net carrying value	9,881	13,063	9,881	13,063
Movements in Software				
Opening balance	13,063	25,536	13,063	25,536
Additions	3,338	2,786	3,338	2,786
Amortisation	(6,520)	(15,259)	(6,520)	(15,259)
Closing Balance	9,881	13,063	9,881	13,063

NOTE 13: DEFERRED TAX ASSETS

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Deferred Tax Asset	357,220	417,255	357,220	417,255
Sureplan Gold Members Tax Credits	-	4,489	-	4,489
	357,220	421,744	357,220	421,744
Sureplan Gold Members Tax Credits				
Opening Balance	4,489	4,957	4,489	4,957
Maturities	(4,489)	(468)	(4,489)	(468)
Closing Balance	-	4,489	-	4,489
Deferred Tax Asset				
Opening Balance	417,255	425,287	417,255	425,287
- Utilisation previous year's tax loss	(60,035)	(8,032)	(60,035)	(8,032)
Closing Balance	357,220	417,255	357,220	417,255
Total movements	(64,524)	(8,500)	(64,524)	(8,500)

NOTE 14: TRADE AND OTHER PAYABLES

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Trade account payables	21,907	25,575	21,907	21,217
Sundry creditors and accruals	412,627	330,899	143,338	218,528
Accrued employee benefits	92,437	97,093	92,437	97,093
	526,971	453,567	257,682	336,838

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	
	2023	2022	2023	2022
	$	$	$	$
Provision for employees Long Service Leave	261,252	251,391	261,252	251,391
Provision for Directors' Retirement Benefit	304,291	284,509	304,291	284,509
	565,543	535,900	565,543	535,900
Movements in Provision for Directors' Retirement Benefit				
Opening balance	284,509	450,218	284,509	450,218
Withdrawals	-	(179,457)	-	(179,457)
Additions	19,782	13,748	19,782	13,748
Closing Balance	304,291	284,509	304,291	284,509

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:

	Economic Entity		Parent Entity	
	2023	2022	2023	2022
	$	$	$	$
Audit services				
- Auditing of the financial report	30,470	28,463	30,470	28,463
Other services				
- Other statutory assurance – Prudential and regulatory returns	14,630	13,667	14,630	13,667
	45,100	42,130	45,100	42,130

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
2023 Total Compensation	378,340	-	-	39,726	418,066
2022 Total Compensation	370,205	-	179,457	37,021	586,683

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)
- Mary-Ann Cook (Executive Director)
- Russell Cole
- Peter Cavanagh
- David Gillespie (Appointed 1/7/2022)

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 (2022: $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	
	2023	2022	2023	2022
	$	$	$	$
Profit/(loss) after income tax	(89,500)	(277,726)	(89,500)	(277,726)
Adjustments for:				
- Depreciation and amortisation	11,195	20,722	11,195	20,722
- Right-of-use asset amortisation	69,071	66,450	69,071	66,450
Change in operating assets and liabilities:				
- Increase/(decrease) in receivables	(375,498)	13,902	(91,474)	84,956
- Increase/(decrease) in other current assets	5,415	(4,906)	5,415	(4,906)
- (Increase)/decrease in accounts payable	78,060	234,192	(74,500)	140,426
- (Increase)/decrease in employee entitlements	24,987	(138,784)	24,987	(138,784)
- Transfers to tax provisions	87,137	18,251	64,524	8,586
- Revaluation of Investments	5,403,242	25,895,566	(25,770)	214,890
- Movement in Member Liability	(1,512,648)	(22,075,701)	-	-
Net cash from operating activities	3,701,461	3,751,966	(106,052)	114,614

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

Year ended 30 June 2023	Net debt opening balance	Cashflows Repayments	Non-Cash Changes		
			Lease adjustments	Accretion interest	Net debt closing balance
Lease Liabilities	527,285	(60,765)		-	466,520

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 $152.871 million (2022: $148.991 million)
- Floating Interest Rate (cash) $1.335 million (2022: $6.988 million)

Interest Rate Risk Sensitivity Analysis

At 30 June 2023, 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	
	2023	2022	2023	2022
CHANGE IN PROFIT	$	$	$	$
Increase in interest rate by 1%	251,596	233,936	9,566	11,342
Decrease in interest rate by 1%	(251,596)	(164,050)	(9,566)	(5,270)

Equity Price Risk

The Economic Entity has no exposure to equity markets at 30 June 2023. If there was exposure the key risk would be that fluctuations in equity values will result in the Economic Entity not being able to meet prudential solvency and capital adequacy requirements.

If the ASX 200 were to decline by 10%, Sureplan's listed investments would decline by $0.

If the ASX 200 were to increase by 10%, Sureplan's listed investments would increase by $0.

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:

	As at 30 June 20223		As at 30 June 2022	
ECONOMIC ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	$	$	$	$
Term Deposits	23,824,923	23,824,923	16,404,957	16,404,957
Commercial Paper	81,193,419	81,193,419	78,709,883	78,709,883
Government Paper	47,852,870	47,852,870	53,875,730	53,875,730
	152,871,212	152,871,212	148,990,570	148,990,570

	As at 30 June 2023		As at 30 June 2022	
PARENT ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	$	$	$	$
Term Deposits	528,740	528,740	527,036	527,036
Commercial Paper	2,873,280	2,873,280	2,847,510	2,847,510
	3,402,020	3,402,020	3,374,546	3,374,546

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

	As at 30 June 2023		As at 30 June 2022	
ECONOMIC ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	$	$	$	$
Policy Liabilities	148,339,347	148,339,347	149,851,994	149,851,994

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	$	$	$	$
2023				
Financial assets at fair value through profit and loss	152,871,212	-	-	152,871,212
Financial Liabilities at fair value through profit and loss	-	-	148,339,347	148,339,347
2022				
Financial assets at fair value through profit and loss	148,990,570	-	-	148,990,570
Financial Liabilities at fair value through profit and loss	-	-	149,851,994	149,851,994
Parent Entity				
2023				
Financial assets at fair value through profit and loss	3,402,020	-	-	3,402,020
2022				
Financial assets at fair value through profit and loss	3,374,546	-	-	3,374,546

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.

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 (O).

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 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	$	$	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL ASSETS:												
Cash and cash equivalents	0.47	0.01	-	-	-	-	-	-	1,334,634	6,988,672	1,334,634	6,988,672
Investments	3.04	2.59	47,026,817	27,408,575	45,374,648	52,196,865	60,469,747	69,385,130	-	-	152,871,212	148,990,570
Total Financial Assets			47,026,817	27,408,575	45,374,648	52,196,865	60,469,747	69,385,130	1,334,634	6,988,672	154,205,846	155,979,242

			Fixed Interest Within 1 Year		Fixed Interest 1 to 5 Years		Floating Interest Rate		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	$	$	$	$	$	$	$	$
PARENT ENTITY FINANCIAL ASSETS:										
Cash and cash equivalents	0.47	0.01	-	-	-	-	427,870	607,241	427,870	607,241
Investments	1.54	1.03	528,741	527,036	2,873,280	2,847,510	-	-	3,402,021	3,374,546
Total Financial Assets			528,741	527,036	2,873,280	2,847,510	427,870	607,241	3,829,891	3,981,787

NOTE 27: MATURITY PROFILE FINANCIAL LIABILITIES

Maturity Profile of Financial Liabilities

	Within 1 Year		1-5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL LIABILITIES:								
Trade and other Payables	526,971	453,566	-	-	-	-	526,971	453,566
Lease Liability	55,354	60,765	372,254	371,284	38,912	95,236	466,520	527,285
Member's Liability	11,904,000	11,361,000	52,107,000	48,795,000	84,328,347	89,695,994	148,339,347	149,851,994
Total Financial Liabilities	12,486,325	11,875,331	52,479,254	49,166,284	84,367,259	89,791,230	149,332,838	150,832,845

	Within 1 Year		1-5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$
PARENT ENTITY FINANCIAL LIABILITIES:								
Trade and other Payables	257,682	336,838	-	-	-	-	257,682	336,838
Lease Liability	55,354	60,765	372,254	371,284	38,912	95,236	466,520	527,285
Total Financial Liabilities	313,036	397,603	372,254	371,284	38,912	95,236.00	724,202	864,123

NOTE 28: BENEFIT FUND SUMMARY FOR THE YEAR ENDED 30 JUNE 2023

	Sureplan Family Fund	Sureplan Gold	Sureplan BTFF	All Benefit Funds
	$	$	$	$
BENEFIT FUND ALLOCATED SURPLUS				
Value of Policy Liabilities (start of period)	52,553,861	101,298,889	271,486	154,124,236
Liability component of contributions	-	12,223,657	-	12,223,657
Withdrawals	-	(10,086,620)	-	(10,086,620)
Allocation of surplus	-	862,107	-	862,107
Actuarial revaluation	(5,581,633)	-	(36,984)	(5,618,617)
Transfer from reserves	-	-	-	-
Member's Tax Credit	-	(4,489)	-	(4,489)
Value of Policy Liabilities(end of period)	46,972,228	104,293,544	234,502	151,500,274

Benefit Fund Profit and Loss				
Net investment income	(4,399,584)	3,393,538	5,588	(1,000,458)
Revenue component of contributions	427,672	-	26,500	454,172
Other income	13	-	-	13
Fees to management fund	(497,952)	(989,578)	(7,873)	(1,495,403)
Claims expense	(947,224)	-	(660)	(947,884)
Members liability revaluation	5,581,633	-	36,985	5,618,618
Other expenses	(136,756)	(171,437)	(60,540)	(368,733)
Income tax expense	(27,802)	(259,101)	-	(286,903)
Profit/loss after tax	-	1,973,422	-	1,973,422
Unallocated Surplus (start of period)	-	(4,272,242)	-	(4,272,242)
Surplus allocated to members	-	(819,050)	-	(819,050)
Provisional allocation to members	-	(43,057)	-	(43,057)
Unallocated Surplus (end of period)	-	(3,160,927)	-	(3,160,927)

TOTAL MEMBER FUNDS				
Current Liability				11,904,000
Non-Current Liability				136,435,347
(Value of Policy Liabilites plus Unallocated Surplus)				148,339,347
Benefit Fund Balance Sheet Summary				
Net Assets (Total Member Funds)	46,972,228	101,132,617	234,502	148,339,347
Other Liabilities	166,587	2,246,196	55,830	2,468,613
Total Assets	47,138,815	103,378,813	290,332	150,807,960

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 2023 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: 27th September 2023
Place: Brisbane

Nexia Australia

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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 2023, 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 2023 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 2023, but does not include the financial report and the auditor's report thereon.

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.

Directors' responsibility 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 responsibility 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.

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 P/L

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane QLD 4000

Date: 27 September 2023

SUREPLAN FAMILY FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
INVESTMENT INCOME			
Interest		1,739,578	1,619,999
Changes in net market values	4	(6,139,162)	(17,612,828)
TOTAL INVESTMENT INCOME/EXPENSE		(4,399,584)	(15,992,829)
Direct investment expense		-	11,418
NET INVESTMENT INCOME		(4,399,584)	(16,004,247)
Revenue component of member contributions		427,672	500,972
Other Income	5	13	146
TOTAL INCOME		(3,971,899)	(15,503,129)
OPERATING EXPENSES			
Fees to management fund	11	497,952	660,802
Claims expense		947,224	1,132,152
Member liability revaluation		(5,581,633)	(17,402,905)
Other expenses	2	136,756	95,711
TOTAL OPERATING EXPENSES		(3,999,701)	(15,514,240)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX		27,802	11,111
Income Tax (Expense)/Benefit	3	(27,802)	(11,111)
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 2023

	Note	2023 $	2022 $
ASSETS			
Cash and Cash Equivalents	6	87,772	5,422,820
Trade and other receivables	7	29,545	3,279
Financial Assets	8	47,021,498	47,206,510
TOTAL ASSETS		47,138,815	52,632,609
LIABILITIES			
Trade and other payables	9	166,587	78,748
TOTAL LIABILITIES		166,587	78,748
NET ASSETS		46,972,228	52,553,861
MEMBERS FUNDS			
Value of Policy Liabilities	10	46,972,228	52,553,861
TOTAL BENEFIT FUND MEMBERS' FUNDS		46,972,228	52,553,861

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 benefit fund 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 benefit fund 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

The policy liabilities for the Benefit Funds are determined in accordance with Life Insurance Prudential Standard LPS 340 issued by the Australian Prudential Regulation Authority under the *Life Insurance Act 1995*. The membership and asset data upon which the valuation is based is accurate and appropriate for the purposes of the valuation.

For each of the Benefit Funds individually, the policy liability is the value of assets of the Fund minus accounting liabilities. The policy liability of each Benefit Fund represents the sum of:

- the current value of non-discretionary liabilities as determined by the Appointed Actuary; plus
- the unallocated surplus, which is the discretionary component of policy liabilities for each Benefit Fund.

There is a provision in the Benefit Funds' rules for surplus to be transferred out of the Family Fund to the Management Fund, and from the Body Transportation Funeral Fund to any other Benefit Fund. As at 30 June 2023, there were no surplus transfers from any Benefit Fund assumed in the future. For the year ending 30 June 2023, there were no surplus transfers.

There are no reserves at 30 June 2023.

The Management Fund receives specified fee transfers from the Benefit Funds to cover expenses. As there are no assumed surplus transfers, all remaining assets are to be used to provide benefits to members and hence there is no profit generated in each Benefit Fund.

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

Expense Margin

The expenses of the Benefit Funds are equal to the management allowances transferred to the Management Fund plus other expenses.

Regulatory Capital Information

Friendly Societies hold Prudential Capital over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of Prudential Capital Requirement is legislated by the *Life Insurance Act 1995* and accompanying relevant Prudential Standards. These standards have been met as at 30 June 2023.

NOTE 2: OTHER EXPENSES

	2023 $	2022 $
Actuary & Valuation Fees	39,711	93,892
Bank fees & taxes	1,825	1,819
Consultant Fees	95,220	-
	136,756	95,711

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 before tax	60,000	56,341
Prima facie tax on operating profit at 30%	18,000	16,902
Add tax effect of Permanent differences (exempt income)	(102,570)	(133,541)
Assessable Income	112,372	127,750
Income tax attributable to operating surplus	27,802	11,111

NOTE 4: CHANGES IN NET MARKET VALUE

	2023	2022
	$	$
SECURITIES HELD AT REPORTING DATE:		
State Government Treasury Bonds	(6,117,562)	(17,699,878)
Other public securities	(21,600)	87,050
	(6,139,162)	(17,612,828)

NOTE 5: OTHER INCOME

Miscellaneous income	13	146

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly)		
(effective interest rate of 0.47%) (2022:0.20%)	87,772	5,422,820

NOTE 7: TRADE AND OTHER RECEIVABLES

Accrued Income	29,545	3,279

NOTE 8: FINANCIAL ASSETS

Term Deposits (effective interest rate 4.46%)(2022:1.05%)	2,010,500	1,000,000
Other Managed Public Securities at fair value	4,922,050	-
State Government Treasury Bonds - held to maturity	40,088,948	46,206,510
	47,021,498	47,206,510
MATURITY ANALYSIS		
Not longer than 6 months	500,000	-
Longer than 6 months but less than 1 year	1,510,500	1,000,000
Longer than 2 years but less than 3 years	4,922,050	-
Semi Gov Bonds Maturity August 2050 Face Value $66.8 million	40,088,948	46,206,510
	47,021,498	47,206,510
Disclosure based on the 3 level Fair Value hierarchy		
Financial Assets at fair value through profit and loss		
Level 1	47,021,498	47,206,510

NOTE 9: TRADE AND OTHER PAYABLES

	2023	2022
	$	$
Provision for Income Tax	(41)	(18,576)
Sundry creditors	166,628	97,324
	166,587	78,748

NOTE 10: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	52,553,861	62,956,766
Revaluation of liabilities by actuarial review	(5,581,633)	(17,402,905)
Transfer from reserves	-	7,000,000
Balance/ liability at the end of the period	46,972,228	52,553,861

NOTE 11: TRANSFER TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	497,952	660,802

NOTE 12 : PRESCRIBED CAPITAL AMOUNT

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

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 2023

	Note	2023 $	2022 $
INVESTMENT INCOME			
Interest		3,180,601	2,687,826
Changes in net market values	4	229,062	(8,150,043)
TOTAL INVESTMENT INCOME		3,409,663	(5,462,217)
Direct investment expense		(16,125)	-
TOTAL INCOME		3,393,538	(5,462,217)
OPERATING EXPENSES			
Fees to management fund	10	989,578	904,524
Other expenses	2	171,437	93,737
TOTAL OPERATING EXPENSES		1,161,015	998,261
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX		2,232,523	(6,460,478)
Income Tax (Expense)/Benefit	3	(259,101)	(248,187)
OPERATING PROFIT/(LOSS) AFTER INCOME TAX		1,973,422	(6,708,665)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		1,973,422	(6,708,665)
Unallocated Surplus or Deficiency at the beginning of the reporting period		(4,272,242)	2,611,739
Transfers to/from management fund		-	-
TOTAL AVAILABLE FOR ALLOCATION		(2,298,820)	(4,096,926)
Allocated to members		819,050	166,971
Provisional Allocation to members		43,057	8,345
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		(3,160,927)	(4,272,242)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023	2022
		$	$
ASSETS			
Cash and Cash Equivalents	5	735,920	865,482
Trade and other receivables	6	397,400	71,347
Financial Assets	7	102,245,493	98,209,515
TOTAL ASSETS		103,378,813	99,146,344
LIABILITIES			
Trade and other payables	8	2,246,196	2,119,697
TOTAL LIABILITIES		2,246,196	2,119,697
NET ASSETS		101,132,617	97,026,647
MEMBER FUNDS			
Value of Policy Liabilities	9	104,293,544	101,298,889
Unallocated Surplus/Deficiency		(3,160,927)	(4,272,242)
TOTAL BENEFIT FUND MEMBERS' FUNDS		101,132,617	97,026,647

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 benefit fund 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 benefit fund 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

The policy liabilities for the Benefit Funds are determined in accordance with Life Insurance Prudential Standard LPS 340 issued by the Australian Prudential Regulation Authority under the *Life Insurance Act 1995*. The membership and asset data upon which the valuation is based is accurate and appropriate for the purposes of the valuation.

For each of the Benefit Funds individually, the policy liability is the value of assets of the Fund minus accounting liabilities. The policy liability of each Benefit Fund represents the sum of:

- the current value of non-discretionary liabilities as determined by the Appointed Actuary; plus
- the unallocated surplus, which is the discretionary component of policy liabilities for each Benefit Fund.

There is a provision in the Benefit Funds' rules for surplus to be transferred out of the Family Fund to the Management Fund, and from the Body Transportation Funeral Fund to any other Benefit Fund. As at 30 June 2023, there were no surplus transfers from any Benefit Fund assumed in the future. For the year ending 30 June 2023, there were no surplus transfers.

There are no reserves at 30 June 2023.

The Management Fund receives specified fee transfers from the Benefit Funds to cover expenses. As there are no assumed surplus transfers, all remaining assets are to be used to provide benefits to members and hence there is no profit generated in each Benefit Fund.

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

Expense Margin

The expenses of the Benefit Funds are equal to the management allowances transferred to the Management Fund plus other expenses.

Regulatory Capital Information

Friendly Societies hold Prudential Capital over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of Prudential Capital Requirement is legislated by the *Life Insurance Act 1995* and accompanying relevant Prudential Standards. These standards have been met as at 30 June 2023.

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

	2023 $	2022 $
Actuary & Valuation Fees	28,437	72,455
Bank fees & taxes	548	757
Legal Fees	5,259	20,525
Consultant Fees	62,646	-
Interest Seed Capital	74,547	-
	171,437	93,737

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	2,232,524	(6,460,478)
Prima facie tax on operating profit at 30%	669,757	(1,938,143)
Add tax effect of Permanent differences (exempt income)	135,859	2,735,067
Society Tax Loss	(546,515)	(548,737)
Income tax attributable to operating surplus	259,101	248,187

NOTE 4 : CHANGES IN NET MARKET VALUE

SECURITIES HELD AT REPORTING DATE		
Gov Treasury Bonds and Other Managed Public Securities	726,275	(8,056,429)
Net Gains/(Loss) on disposal/maturity of securities	(497,213)	(93,614)
	229,062	(8,150,043)

NOTE 5 : CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0.47%) (2022: 0.20%)	735,920	865,482

NOTE 6: TRADE AND OTHER RECEIVABLES

Accrued Interest	382,340	71,347
Sundry Debtors	15,000	-
	397,400	71,347

NOTE 7: FINANCIAL ASSETS

Gov Treasury Bonds and Other Managed Public Securities at fair value (weighted effective average interest rate of 3.04%) (2022: 2.75%)	81,162,010	83,531,594
Term Deposits (weighted effective average interest rate of 4.27%) (2022: 1.19%)	21,083,483	14,677,921
	102,245,493	98,209,515
Maturity Analysis		
Not longer than 3 months	11,009,030	3,934,822
Longer than 3 months but not longer than 6 months	10,188,276	8,297,455
Longer than 6 months but not longer than 12 months	23,088,070	13,449,263
Longer than 1 year but not longer than 2 years	15,662,116	22,256,625
Longer than 2 year but not longer than 3 years	11,400,600	11,596,440
Longer than 3 years but not longer than 9 years	30,897,401	38,674,910
	102,245,493	98,209,515
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss Level 1	102,245,493	98,209,515

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

	2023	2022
	$	$
Seed Capital Transfer from Management Fund	2,000,000	2,000,000
Sundry Creditors	246,592	124,171
Provision for Income Tax	(396)	(4,474)
	2,246,196	2,119,697

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)	101,298,889	99,062,668
Liability component of contributions	12,223,657	11,918,170
Withdrawals	(10,086,620)	(9,861,754)
Member's Tax Credits	(4,489)	4,489
Balance/liability at the end of the period prior to annual allocation	103,431,437	101,123,573
Allocation of surplus	862,107	175,316
Balance/liability at the end of the period	104,293,544	101,298,889

NOTE 10: TRANSFERS TO OR FROM MANAGEMENT FUND

Interest expense Seed Capital transferred to the Management Fund	74,547	-
Fees transferred to the management fund in accordance with benefit fund rules	989,578	904,524

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 2023

	Note	2023 $	2022 $
INVESTMENT INCOME			
Interest		5,588	1,594
TOTAL INVESTMENT INCOME		5,588	1,594
Revenue Component of member contributions		26,500	25,250
TOTAL INCOME		32,088	26,844
OPERATING EXPENSES			
Fees to management fund	9	7,873	7,624
Claim Expenses		660	-
Other expenses	2	60,540	39,299
Member liability revaluation		(36,985)	(20,079)
TOTAL OPERATING EXPENSES		32,088	26,844
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX		-	-
Income Tax (Expense)/Benefit	3	-	-
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 2023

	Note	2023 $	2022 $
ASSETS			
Cash and Cash Equivalents	4	83,072	93,129
Trade and other receivables	5	5,060	1,181
Financial Assets	6	202,200	200,000
TOTAL ASSETS		290,332	294,310
LIABILITIES			
Trade and other payables	7	55,830	22,824
TOTAL LIABILITIES		55,830	22,824
NET ASSETS		234,502	271,486
MEMBER FUNDS			
Value of Policy Liabilities	8	234,502	271,486
Unallocated Surplus/Deficiency		-	-
TOTAL BENEFIT FUND MEMBERS' FUNDS		234,502	271,486

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 benefit fund 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 benefit fund in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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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.

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

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Expense Margin
The expenses of the Benefit Funds are equal to the management allowances transferred to the Management Fund plus other expenses.

Regulatory Capital Information
Friendly Societies hold Prudential Capital over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of Prudential Capital Requirement is legislated by the *Life Insurance Act 1995* and accompanying relevant Prudential Standards. These standards have been met as at 30 June 2023.

NOTE 2: OTHER EXPENSES

	2023	2022
	$	$
Actuary Fees	17,766	39,113
Stamp Duty	176	186
Consultant Fees	42,598	-
	60,540	39,299

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	-	-
Prima facie tax on operating profit at 30%	-	-
Add tax effect of Permanent differences (exempt income)	-	-
Income tax attributable to operating surplus	-	-

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0%) (2022: 0%)	83,072	93,129

NOTE 5: TRADE AND OTHER RECEIVABLES

Sundry Debtors	500	-
Accrued Interest	4,560	1,181
	5,060	1,181

NOTE 6: FINANCIAL ASSETS

	2023 $	2022 $
Term Deposits		
(weighted effective average interest rate of 4.2%) (2022: 0.61%)	202,200	200,000
Maturity Analysis		
Less than 12 months	202,200	200,000
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss		
Level 1	202,200	200,000

NOTE 7: TRADE AND OTHER PAYABLES

Trade Creditors	55,830	22,824
Provision for Income Tax	-	-
	55,830	22,824

NOTE 8: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	271,486	291,565
Revaluation of Liabilities by actuarial review	(36,984)	(20,079)
Allocation of surplus during the year	-	-
Balance/liability at the end of the period	234,502	271,486

NOTE 9: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	7,873	7,624

NOTE 10: PRESCRIBED CAPITAL AMOUNT

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

NOTE 11: AUDITOR'S REMUNERATION

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

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