I.O.O.F. Investment Management Limited

ABN 53 006 695 021

Annual Report - 30 June 2023

The Directors present their report, together with the financial statements of I.O.O.F. Investment Management Limited ("the Company") for the year ended 30 June 2023 and the auditor's report thereon. The ultimate parent entity is Insignia Financial Ltd and the Company is a member of the Insignia Financial Group ("IFL Group").

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Robert A Bloore (resigned 9 December 2022)
Ms Karen N Gibson
Ms Jane M Harvey
Ms Beth V McConnell
Mr Steven J Schubert
Mr Lindsay R Smartt

Principal activity

The Company is a for-profit entity and its principal activity during the year was acting as trustee for the following Registrable Superannuation Entities (RSEs) under an instrument of approval granted by the Australian Prudential Regulation Authority ("APRA"):

- AvWrap Retirement Service
- IOOF Portfolio Service Superannuation Fund

Dividends

No dividend was paid during the year ended 30 June 2023 (2022: $15,950,000).

On 23 August 2023, the Directors declared a final dividend for the year ended 30 June 2023 of $1,000,000 to be paid in August 2023 (2022: $15,950,000).

Review of operations

The profit after income tax of the Company was $2,036,000 (2022: $1,822,000).

The Company provides trustee and management services to superannuation funds for which it earns fee revenue.

The small increase in profit for the year reflects the impact of the business initiatives over the current year in transforming the business for the future. These initiatives have resulted in the downward repricing of management fees being offset by reductions in operating expenses and higher fund expense recoveries.

State of affairs

During the year, the entity ceased trusteeship activities for the AET Small APRA Funds ("SAFs"). This trusteeship was transferred to Equity Trustees Superannuation Limited as part of the sale of the Australian Executor Trustee (AET) business in November 2022.

In November 2022, APRA imposed additional licence conditions on the Company. These conditions included:

- Enhancement of the Company's governance in relation to member outcomes, oversight of service providers, risk, compliance and managing conflicts of interest;
- Appointment of an independent expert to examine the operational effectiveness of the Company's governance, accountability and risk management frameworks and practices; and
- Rectification of areas of concern with input from the independent expert.

Additionally, APRA required the Company to comply with its legal obligation in relation to the transfer of member benefits. The Company is working with the IFL Group to satisfactorily address all the Licence Conditions and to rectify areas of concern identified by the independent expert.

There have been no other significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the reporting period

There have been no significant events from 30 June 2023 to the date of signing this report.

Future developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report because disclosures of the information would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law. Environmental, social and governance ("ESG") risks can have a material impact on the Company's ability to deliver sustainable long-term outcomes for the clients, investors and the community of Insignia Financial Ltd and its subsidiaries.

To ensure the Company fulfils its purpose, the IFL Group (of which the Company is a subsidiary of) considers a broad range of ESG considerations. To help guide its responsible investment practice, the IFL Group has become a member of the Investor Group on Climate Change (IGCC). The IFL Group's ESG activities are discussed in the ESG section of its annual report.

Impact of macro-economic factors
The Directors continue to assess the potential financial and other impacts of current market conditions including rising inflation, interest rate increases and geopolitical unrest. The current level of uncertainty regarding these matters on investment markets has impacted investment outcomes and increased volatility in investment performance during the period. Such disruptions can adversely affect the assets, performance and liquidity of underlying funds. The Directors and management continue to remain abreast of developments in this area and monitor the potential impacts on the Company.

Company secretaries
The following persons were company secretaries during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ms Sharyn J Cowley
Mr Christopher Tay

Indemnification and insurance of officers
During the financial year, Insignia Financial Ltd and its controlled entities paid a premium to insure the Directors, secretaries, and general officers of the IFL Group (including the Company). No such insurance cover has been provided for the benefit of any external auditor of the IFL Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage to themselves or someone else or to cause detriment to the Company.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars. Narrative disclosures are expressed in whole dollars or as otherwise indicated. Any discrepancies between total and sums of components in tables contained in this report and the accompanying financial statements are due to rounding.

Auditor's independence declaration
The lead auditor's independence declaration is set out on page 3 of the annual report and forms part of the Directors' report for the year ended 30 June 2023.

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

Lindsay Smartt
Director

23 August 2023

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

To the Directors of I.O.O.F. Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of I.O.O.F. Investment Management Limited for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Chris Wooden

Partner

Melbourne

23 August 2023

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I.O.O.F. Investment Management Limited
Statement of comprehensive income
For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022* $'000
Revenue			
Management fee income	4	126,507	140,043
Interest income		579	37
Other revenue	5	5,544	(5)
Expenses			
Service fee and other direct costs	6	(2,957)	(3,446)
Operating expenditure	7	(126,706)	(129,235)
Other expense		(137)	(4,766)
Profit before income tax expense		**2,830**	**2,628**
Income tax expense	8	(794)	(806)
Profit after income tax for the year		**2,036**	**1,822**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,036**	**1,822**

***Prior year revenue and expenses have been reclassified. Refer to notes 5, 6 and 7 for details.**

The above Statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements

I.O.O.F. Investment Management Limited
Statement of financial position
As at 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Assets			
Cash and cash equivalents		13,016	23,231
Trade and other receivables		26,694	22,402
Financial assets measured at fair value through profit or loss	9	528	453
Deferred tax assets	10	809	781
Total assets		**41,047**	**46,867**
Liabilities			
Fees payable		11,916	17,652
Payables to related parties		16,659	16,124
Total liabilities		**28,575**	**33,776**
Net assets		**12,472**	**13,091**
Equity			
Share capital	12	31,634	31,634
Reserves	13	(12,164)	(9,509)
Accumulated losses		(6,998)	(9,034)
Total equity		**12,472**	**13,091**

The above Statement of financial position should be read in conjunction with the accompanying notes to the financial statements

I.O.O.F. Investment Management Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Share Capital	ORFR Reserve	Common Control Reserve	Retained earnings/ Accumulated losses	Total Equity
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021		**31,634**	**2,655**	**-**	**5,094**	**39,383**
Profit after income tax for the year		-	-	-	1,822	1,822
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**1,822**	**1,822**
Common Control Reserve	13	-	-	(12,164)	-	(12,164)
Dividend paid	11	-	-	-	(15,950)	(15,950)
Total capital transactions		**-**	**-**	**(12,164)**	**(15,950)**	**(28,114)**
Balance at 30 June 2022		**31,634**	**2,655**	**(12,164)**	**(9,034)**	**13,091**

	Note	Share Capital	ORFR Reserve	Common Control Reserve	Accumulated losses	Total Equity
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022		**31,634**	**2,655**	**(12,164)**	**(9,034)**	**13,091**
Profit after income tax for the year		-	-	-	2,036	2,036
Other comprehensive income		-	-	**-**	-	-
Total comprehensive income		**-**	**-**	**-**	**2,036**	**2,036**
Transfer of ORFR Reserve	13	-	(2,655)	-	-	(2,655)
Total capital transactions		**-**	**(2,655)**	**-**	**-**	**(2,655)**
Balance at 30 June 2023		**31,634**	**-**	**(12,164)**	**(6,998)**	**12,472**

The above Statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements

I.O.O.F. Investment Management Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers and related parties		152,562	299,243
Payments to suppliers and related parties		(159,879)	(269,805)
		(7,317)	29,438
Interest income received		579	37
Income tax paid		(822)	(1,516)
Net cash from operating activities	17	**(7,560)**	**27,959**
Cash flows from investing activities			
Net cash from investing activities		**-**	**-**
Cash flow from financing activities			
Transfer of ORFR Reserve	13	(2,655)	-
Dividend paid	11	-	(15,950)
Net cash from financing activities		**(2,655)**	**(15,950)**
Net (decrease)/increase in cash and cash equivalents		**(10,215)**	**12,009**
Cash and cash equivalents at the beginning of the year		23,231	11,222
Cash and cash equivalents at the end of the year		**13,016**	**23,231**

The above Statement of cash flows should be read in conjunction with the accompanying notes to the financial statements

Note 1. General information

The financial statements cover I.O.O.F. Investment Management Limited ("the Company") as an individual entity. The ultimate parent entity is Insignia Financial Ltd ("Insignia Financial").

I.O.O.F. Investment Management Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business are:

Registered office	**Principal place of business**
Level 1 800 Bourke Street Docklands VIC 3008	Level 1 800 Bourke Street Docklands VIC 3008

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not a part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Directors, on 23 August 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of preparation

These general purpose tier one financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of measurement
The financial information has been prepared in accordance with the historical cost convention except for certain assets and liabilities as described in the accounting policies below.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Rounding
The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that instrument, amounts in the financial report have been rounded to the nearest thousand dollars. Narrative disclosures are expressed in whole dollars or as otherwise indicated.

Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The Company's financial statements are presented in Australian dollars ("AUD"), which is the Company's functional and presentation currency.

Changes in accounting policies
The accounting policies adopted in the preparation and presentation of these financial statements are materially consistent with those adopted and disclosed in the Company's Annual Report for the year ended 30 June 2022. The Company has applied, where relevant, all new or revised Australian Accounting Standards and AASB Interpretations applicable to the year ended 30 June 2023. However, these do not have a material impact on the Company.

Note 2. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

Accounting Standards that are mandatorily effective for the first time
There are no new accounting standards that that are mandatorily effective for the first time which are applicable to these financial statements.

Accounting Standards that have been issued but not yet effective
The following amendments to accounting standards have been issued and are effective for annual periods beginning on or after 1 July 2023 and earlier application is permitted. The Company has not early adopted any of these amendments.

New standards or amendments	**Effective first financial year end**
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	30 June 2024
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	30 June 2025
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	30 June 2025

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Management fee income
The Company provides trustee and management services to Superannuation funds, for which fees are charged. These fees are calculated based on an agreed percentage of the respective funds under management, as disclosed in the respective product disclosure statements. The provision of these services is typically a single performance obligation and fees are earned on a daily basis and generally collected monthly.

Other fees principally comprise revenues for other services and are recognised as the relevant service is provided and it is probable that the fee will be collected.

There are no judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Management fee income is recognised in the Statement of comprehensive income over the period in which the service is provided, net of any fees rebated.

Interest
Interest revenue 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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment (including fund expense recoveries) is established.

Expense recognition

Service fees and other direct costs, operating expenditure and other expenses
Operating fees and other expenses are recognised as they are accrued in line with the expense being incurred.

Note 2. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Insignia Financial Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Assets

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments – Financial assets and liabilities
Recognition and initial measurement
On initial recognition, a financial asset is classified at amortised cost or fair value through profit or loss.

Financial instruments measured at fair value through profit or loss (FVTPL)
A financial asset or liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Note 2. Significant accounting policies (continued)

Assets (continued)

Impairment of financial assets
Loss allowances are recognised for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. ECLs are derived from unbiased and probability-weighted estimates of expected losses. For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In the financial report this is recognised as a provision for doubtful debts.

Receivables
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

De-recognition
In transactions where the Company transfers financial assets recognised on the Statement of financial position yet retains all, or substantially all of the risks and rewards, the transferred assets are not derecognised from the Statement of financial position.

In transactions where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Company derecognises the asset if control over the asset is lost. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The rights and obligations retained or created in the transfer are recognised separately as assets and liabilities as appropriate.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

Liabilities

Fees payable
These amounts represent liabilities for services provided to the Company prior to the end of the financial year and which are unpaid. They are short term in nature and are measured at amortised cost and are not discounted. The amounts are unsecured and are paid within commercial terms.

Payables to related parties
These amounts represent liabilities to entities within the wholly owned group. These are short term in nature and are measured at amortised cost and are not discounted.

Note 2. Significant accounting policies (continued)
Liabilities (continued)

Provisions
Provisions arise when there is a present obligation (legal or constructive) as a result of a past event and a probable outflow of resources will be required to settle the obligation. Provisions are recognised when a reliable estimate can be made on the amount of the obligation. The expense relating to a provision is presented in the Statement of comprehensive income net of any reimbursements.

Contingent liabilities
Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of financial position.

Equity
Ordinary Shares
Ordinary shares in the Company are recognised at the amount paid per ordinary share net of directly attributable issue costs.

Reserves
ORFR Reserve
The reserve was created following a transfer of cash from the former trustee Australian Executor Trustees Limited ("AET") of the Small APRA funds to provide the Company with funding needed for the unrestricted commitment of financial resources to meet the Operational Risk Financial Requirement ("ORFR"). The reserve is recognised as equity.

Common Control Reserve
This reserve is used in the event that intangibles or goodwill are impaired at the legal entity level but that cash flows from the acquisitions continue to reside within the consolidated group. As no external loss should be recognised through the Statement of comprehensive income, the impairment impact is recognised in the reserve and reversed on consolidation.

Presentation

Offsetting of income and expenses
Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:
- where gains and losses arise from a group of similar transactions, such as rebates on management fee income;
- where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only; or
- where costs are incurred on behalf of customers from whom the Company is reimbursed.

Where the Company has received Advisor Service Fees ("ASF") from the fund and paid ASF to dealer groups, the Company offsets these receipts and payments in the Statement of comprehensive income and structured entities note as they are collected in an agent capacity. The ASF receipts and payments are not offset in the Statement of cash flow as they are separate cash transactions.

Offsetting assets and liabilities
Assets and liabilities are offset and the net amount reported in the Statement of financial position only where there is:
- a current enforceable legal right to offset the asset and liability; and
- an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and services tax
Income, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is paid by a related entity within the wholly owned group with a corresponding intercompany balance recognised by the Company.

Cash flows are included in the Statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Note 3. Critical estimates, judgements and assumptions used in applying accounting policies

The Company prepares its financial statements in accordance with policies which are based on Australian Accounting Standards, other authoritative accounting pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. This involves the Company making estimates and assumptions that affect the reported amounts within the financial statements. Estimates and judgements are continually evaluated and are based on historical factors, including expectations of future events that are believed to be reasonable under the circumstances.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Management fee income

	30 June 2023 $'000	30 June 2022 $'000
Management fees	124,881	138,564
Other fee income	1,626	1,479
Total management fee income	**126,507**	**140,043**

Note 5. Other revenue

	30 June 2023 $'000	30 June 2022 $'000
Fund related expense recovery*	5,150	-
Gain/(loss) on fair value of financial assets	54	(15)
Sundry income	340	10
Total other revenue	**5,544**	**(5)**

*The implementation of expense recoveries was established in FY23.

Note 6. Service fee and other direct costs

	30 June 2023 $'000	30 June 2022 $'000
Custody fees	(1,336)	(1,401)
Service fee	(210)	(567)
Other direct costs	(1,411)	(1,478)
Total service fee and other direct costs	**(2,957)**	**(3,446)**

Note 7. Operating expenditure

	30 June 2023 $'000	30 June 2022 $'000
Administration expenses	(880)	(755)
Fund related expenses	(5,150)	-
Service fees paid to related parties	(120,676)	(128,480)
Total operating expenditure	**(126,706)**	**(129,235)**

Reclassifications have been made between operating expenditure and other direct costs in the prior year. This is to ensure that the classifications are in alignment with other subsidiaries within the Insignia Financial Ltd (“IFL”) Group.

Note 8. Income tax expense

	30 June 2023 $'000	30 June 2022 $'000
Recognised in Statement of comprehensive income		
Current tax expense		
Current period	(824)	(1,470)
Adjustment recognised for prior periods	2	(46)
	(822)	(1,516)
Deferred tax expense		
Original and reversal of temporary differences	31	710
Adjustment recognised in the current year in relation to the deferred tax of prior periods	(3)	-
	28	710
Aggregate income tax expense	**(794)**	**(806)**

Numerical reconciliation of income tax benefit and tax at the statutory rate

	30 June 2023 $'000	30 June 2022 $'000
Profit before income tax	**2,830**	**2,628**
Tax at the statutory tax rate of 30% (2022:30%)	(849)	(788)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible benefits		
Amortisation of intangibles	56	23
Other	-	5
Adjustment recognised for prior periods	(1)	(46)
Income tax expense	**(794)**	**(806)**

Note 9. Financial assets measured at fair value through profit or loss

	30 June 2023 $'000	30 June 2022 $'000
Unlisted unit trusts	528	453
Balance at the end of the year	**528**	**453**
Current	-	-
Non-current	528	453
Total	**528**	**453**

Note 10. Deferred tax assets

	30 June 2023 $'000	30 June 2022 $'000
Deferred tax assets comprise temporary differences attributable to:		
Accrued income	(3)	-
Change in market value of investments	(89)	(66)
Intangibles	901	847
Total deferred tax assets	**809**	**781**

Note 10. Deferred tax assets (continued)

Reconciliation of movements		
Net carrying amounts at the beginning of the year	781	71
Recognised in profit or loss	28	710
Recognised in other comprehensive income	-	-
Carrying amount at the end of the year	**809**	**781**

Note 11. Dividends paid

	30 June 2023	30 June 2022
	$'000	**$'000**
Dividend on ordinary shares		
Final dividend for 2022: Nil cents (2021: 16 cents) per share	-	5,000
Interim dividend for 2023: Nil cents (2022: 35 cents) per share	-	10,950
Total dividends paid by the Company during the period	**-**	**15,950**

On 23 August 2023, the Directors declared a final dividend for the year ended 30 June 2023 of $1,000,000 to be paid in August 2023.

Note 12. Share capital

	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $	30 June 2022 $
Ordinary shares - fully paid	31,633,832	31,633,832	31,633,832	31,633,832

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There was no change to the number of issued shares during the year (2022: Nil).

Note 13. Reserves

	30 June 2023	30 June 2022
	$'000	**$'000**
Common control reserve	(12,164)	(12,164)
ORFR reserve	-	2,655
Total reserves	**(12,164)**	**(9,509)**

Common control reserve

The common control reserve recognises that cash flows from the acquisitions continue to reside within the consolidated group and therefore there has been no external loss which should be recognised through the Statement of comprehensive income. This reserve is used in the event that intangibles or goodwill are impaired at the legal entity level. The impairment impact is then reversed on consolidation.

Note 13. Reserves (continued)

ORFR reserve

The Operational Risk Financial Requirement ("ORFR") reserve was created following a transfer of cash from the former trustee of the AET Small APRA funds, Australian Equity Trustees Ltd ("AET") to provide the Company with funding required for the unrestricted commitment of financial resources to meet the Operational Risk Financial Requirement. The reserve is recognised as equity and AET held no right of recovery to the balance. The trustee responsibilities for the Small APRA Funds were transferred to the unrelated external entity, Equity Trustees Superannuation Limited in November 2022. The ORFR was transferred at the same time to this new trustee.

Note 14. Capital management

The Company is capitalised with share capital and retained earnings. This capital is held to meet regulatory and operational requirements that reflect the risk of the Company. The level of capital is actively managed to maintain capital adequacy and efficiency with reference to these requirements.

The Company must remain solvent at all times in accordance with the *Corporations Act 2001*.

The Company is also regulated by APRA and has been issued a Registrable Superannuation Entity ("RSE") Licence and therefore must comply with APRA's prudential standards and practice guides associated with an RSE Licence.

In complying with APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR), the Company has continued to operate within its Board approved ORFR Target and tolerances. As at 30 June 2023, the ORFR requirement had been met through ORFR trustee capital of $0.3m (30 June 2022: $2.9m) and operational risk reserves of $86.7m within the IOOF Portfolio Service Superannuation Fund (30 June 2022: $78.6m) and $1.1m within AvWrap Retirement Service (30 June 2022: $1.1m).

There were no changes in the Company's approach to capital management since the prior financial year. The Company has met APRA's capital requirements at all times during the current and prior financial years.

Note 15. Risk management policies and procedures

The Company is a wholly owned subsidiary of Insignia Financial Ltd and operates in accordance with the Insignia Financial Group's Risk Management Policy. Risk management processes and activities are integrated with strategic planning, appetite, policies, reporting and governance to ensure that risk is managed effectively throughout Insignia Financial Ltd and its subsidiaries (collectively referred to as the "IFL Group").

The Company's objective is to satisfactorily manage risks in line with the Board approved Risk Management Framework ("RMF"). The key pillars of the RMF include:

- The Company Risk Management Strategy (RMS) which articulates the Company's approach to the implementation of its strategic and business objectives and the key elements of the RMF that give effect to the strategy. It also includes a description of each material risk, including key roles and responsibilities for managing the risk, and outlines the risk governance structure;
- The Company Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Group is prepared to accept in pursuit of strategic and business objectives, giving consideration to the interests of clients and shareholders;
- The Insignia Financial Group's Risk Management Policy (RMP) which sets out the methodology to identify, assess, manage, analyse, monitor and report on those risks that could impact the achievement of strategic objectives, impact core processes and/or result in non-compliance with obligations; and
- A three lines of defence governance model to govern risk management and compliance activities across the IFL Group. The three lines of defence model is the foundation for effective risk management. The overarching principle is that risk management capability must be embedded into the business to be effective.

Procedures are put in place to control and mitigate the risks faced by the Company depending on the nature of the risk. The Company's overall risk is monitored by Management with regular reporting to the Company's Risk and Compliance and Audit Committees, and the Board.

Note 15. Risk management policies and procedures (continued)

The Company is an RSE Licensee regulated by the Australian Prudential Regulation Authority ("APRA") and is required to have systems for identifying, assessing, managing, mitigating and monitoring material risks that may affect its ability to meet its obligations to beneficiaries. These systems, together with the structures, policies, processes, and people supporting them, comprise the Company's RMF. The Company's Board is ultimately responsible for the Company's RMF and approves the use of any IFL Group policies or functions and ensures that these policies and functions give appropriate regard to the Company's business operations and its specific requirements. The Company's compliance with the RMF is monitored by the Audit Committee, Risk and Compliance Committee and the Board.

The Company's income and operating cash flows are affected by movements in funds under management which are impacted by changing market conditions. Information has been provided in Note 16 on the direct impact of changing market conditions to the Company's income and operating cash flows.

Note 16. Financial risk management

Financial Risk Management as discussed below considers the significant financial risks borne by the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables such as interest rates, equity prices and foreign currency exchange rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Measurement
The following provides an analysis of the exposures of the different types of market risks.

Interest rate risk
Interest rate risk is the risk of loss arising from adverse changes in interest rates and the impact on future cash flows or the fair value of financial instruments.

The Company's exposure to interest rate risk is as follows:

	30 June 2023 $'000	30 June 2022 $'000
Cash and cash equivalents*	13,016	23,231
Financial assets measured at fair value through profit or loss	528	453
Total financial assets	**13,544**	**23,684**

*APRA's Prudential Standard SPS 114 requires that the ORFR be held within the trustee entity as capital or the RSE as reserves. The amount is quarantined for the sole purpose of meeting the ORFR, with $0.3m (30 June 2022: $2.9m) supporting the ORFR being held in a separate bank account.

Interest rate sensitivity analysis
An increase or decrease in variable interest rates of 100 basis points (2022: 100 basis points) in interest rates would have a direct impact, net of tax, on the profit and loss and equity position as shown below.

	Profit or Loss		Equity	
	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
30 June 2023 (100 bps)	100	(100)	100	(100)
30 June 2022 (100 bps)	98	(98)	98	(98)

Note 16. Financial risk management (continued)

Other price risk
Other price risk is the risk that the fair value of the financial instruments may increase or decrease as a result of changes in market price, whether these changes are caused by factors specific to an individual financial instrument or factors affecting all instruments, or classes of instruments in the market. The Company held investments in unit trusts which was exposed to price risk during the financial year. The following table sets out the Company exposure to other price risk at the balance sheet date:

	30 June 2023 $'000	30 June 2022 $'000
Unlisted unit trusts	528	453
Total	**528**	**453**

At 30 June 2023, had the price of the units held by the Company in unlisted unit trusts in other entities increased / decreased by 10% with all other variables held constant, post-tax profit for the year would increase / decrease by $36,948 (2022: $31,698) as a result of gains / losses recorded through the Statement of comprehensive income.

Other market risk
The Company has no material exposure to price or foreign exchange risk.

Credit risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Company. Credit risk arises for the Company from cash and cash equivalents, term deposits and trade and other receivables.

The Company mitigates its credit risk by ensuring cash deposits and term deposits are held with high quality financial institutions.

Credit quality
The following table sets out the Company's exposure to credit risk and the credit quality of financial instruments at the balance sheet date:

30 June 2023	AAA	AA+ to A	A- or Lower	No credit rating	Total
	$'000	$'000	$'000	$'000	
Cash and cash equivalents	-	13,016	-	-	13,016
Interest bearing securities	-	-	-	-	-
Unlisted unit trusts	-	-	-	528	528
Receivables	-	-	-	26,694	26,694
Total	-	13,016	-	27,222	40,238

30 June 2022	AAA	AA+ to A	A- or Lower	No credit rating	Total
	$'000	$'000	$'000	$'000	
Cash and cash equivalents	-	23,231	-	-	23,231
Interest bearing securities	-	-	-	-	-
Unlisted unit trusts	-	-	-	453	453
Receivables	-	-	-	22,402	22,402
Total	-	23,231	-	22,855	46,086

Receivables consist of management fees receivable, service fees receivable and other amounts receivable from related parties. These counterparties generally do not have an independent credit rating, and the Company assesses the credit quality of the debtor taking into account its financial position, past experience with the debtor, and other available credit risk information.

Note 16. Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets. No financial assets are considered past due and management does not expect any counterparty to fail to meet its obligations. The Company does not hold any collateral as security over its receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with financial liabilities.

Demands for funds can usually be met through ongoing normal operations and the sale of assets or borrowing. Expected liquidity demands within the Company are managed through a combination of treasury, investment and asset-liability management guidelines, which are monitored on an ongoing basis. The Company regularly assesses and monitors the liquidity risk profile through analysis of liabilities that increase liquidity risk, reviews the investment portfolio to ensure adequate liquidity, and performs analysis of the expected asset and liability cash flows in regards to the ability of the business to meet cash demands.

All financial assets and liabilities are expected to be received and settled within one year.

The Company is a part of a Syndicated Facility Agreement ("SFA") with Insignia Financial Ltd and a group of syndicated lenders as a guarantor. Each guarantor jointly and severally guarantees to meet the syndicated lenders the financial obligations of Insignia Financial under the SFA. The Company's ORFR is segregated and held outside of the security net set out in the SFA and the fund assets held on behalf of members is unavailable to the syndicated lenders. As Insignia Financial is the ultimate parent of the Company, Management considers the possibility of an outflow of resources embodying economic benefits as a result of the Company providing the guarantee as remote.

Fair value measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a hierarchy that reflects the significance of inputs used in measuring the fair value hierarchy. The level in the fair value hierarchy within which a fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair vale measurement in its entirety. The fair value hierarchy is as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
Level 2 - inputs other than quoted prices within Level 1 that are observable for the financial asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

The fair value estimates are based on the following methodologies and assumptions:

- The fair values of investments in unlisted unit trusts are based on redemption price as established by the Responsible Entity/Trustee of the underlying Trust.
- The fair values of interest-bearing securities are based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments and appropriate credit spreads.

Fair value measurement as at 30 June 2023

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets designated at fair value through profit or loss	-	528	-	528
Total	-	528	-	528

Note 16. Financial risk management (continued)

Fair value measurement (continued)

Fair value measurement as at 30 June 2022

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets designated at fair value through profit or loss	-	453	-	453
Total	-	453	-	453

There were no transfers between risk levels during the current or prior financial years.

Note 17. Notes to the Statement of cash flows

	30 June 2023 $'000	30 June 2022 $'000
Reconciliation of cash flows from operating activities		
Profit after tax for the period	**2,036**	**1,822**
Non-cash items		
- Amortisation	-	2,851
- Net (gain) / loss on fair value financial assets	(75)	5
Changes in operating assets and liabilities		
- Change in trade and other receivables	(4,292)	4,164
- Change in fees payable	(5,736)	5,232
- Change in payables to related parties	535	14,595
- Change in deferred tax	(28)	(710)
Net cash from operating activities	**(7,560)**	**27,959**

Note 18. Remuneration of auditors

	30 June 2023 $	30 June 2022 $
Audit services - KPMG Australia		
Audit and review of financial reports	46,125	91,842
Audit and review of financial reports – managed superannuation funds	410,000	993,395
Other services - KPMG Australia		
Regulatory assurance services	277,519	369,607

KPMG auditor's remuneration for the Company is allocated and paid by a related entity in the IFL Group. During the year, the IFL Group has changed the method used to allocate audit fees for company financial statement audits to ensure consistency across the IFL Group.

Note 19. Related party disclosures

(a) Immediate and ultimate controlling entity

The immediate parent entity and ultimate parent entity is Insignia Financial Ltd. Insignia Financial Ltd produces consolidated financial statements available for public use and is incorporated in Australia. The Company has elected to prepare an individual parent financial statement, as allowed under *AASB 10 Consolidated Financial Statements*.

Note 19. Related party disclosures (continued)

(b) Related party transactions that occurred during the period

(i) Transactions with related parties in the wholly owned group

Transactions and balances between the entities within the IFL Group are made up of non-interest bearing funds and have no fixed terms of maturity. Management services were provided by a commonly controlled entity, IOOF Service Co Pty Ltd, on a cost recovery basis. Management expenses incurred during the year amounted to $124,206,066 (2022: $128,479,820).

The Company changed its custody service provider on 14 November 2022 from Australian Equity Trustees Ltd (AET) to IOOF Investment Services Ltd (IISL). During the whole time that these companies provided custody services to the Company, they were a commonly controlled entity. Custody fees incurred and paid to IISL during the year amounted to $880,318 (2022: nil). Custody fees incurred and paid to AET during the year amounted to $455,519 (2022: $1,400,870).

There were $57,298 Service fees paid to IFL Group subsidiaries during the current year (2022: $176,680).

All other transactions were made on normal commercial terms and conditions and at market rates.

At the balance date, the transactions with IFL Group subsidiaries comprised of the amounts below:

	30 June 2023 $	30 June 2022 $
Payables to entities within the IFL Group	16,658,871	16,124,084

Payables to related parties include income tax and GST payables, which are payable under the tax-consolidated group agreement.

There have been no guarantees given or received.

(ii) Transactions with the immediate and ultimate parent

Other than dividend payments, there have been no transactions with the ultimate parent entity for the year ended 30 June 2023. (2022: $Nil)

(iii) Other transactions with key management personnel
Key management personnel (“KMP”) and their related parties held investments in related underlying managed investment schemes and superannuation funds.

Note 20. Key management personnel disclosures

Directors
The following persons were Directors of I.O.O.F. Investment Management Limited during the whole financial year and up to the date of this report unless otherwise stated:

Mr Robert A Bloore (resigned 9 December 2022)
Ms Karen N Gibson
Ms Jane M Harvey
Ms Beth V McConnell
Mr Steven J Schubert
Mr Lindsay R Smartt

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year:

Note 20. Key management personnel disclosures (continued)

Mr Renato Mota (Chief Executive Officer)
Ms Sarah Burley (Chief Member Officer) (resigned 16 December 2022)
Mr David Chalmers (Chief Financial Officer)
Ms Anne Coyne (Chief Member Officer) (appointed 10 January 2023)
Mr Daniel Farmer (Chief Investment Officer)
Mr Frank Lombardo (Chief Operating & Technology Officer)
Mr Mark Oliver (Chief Distribution Officer)
Mr Anvij Saxena (Chief Risk Officer) (appointed 27 March 2023)
Ms Lorna Stewart (Chief Risk Officer) (resigned 16 December 2022)
Mr Christopher Weldon (Chief Transformation Officer)

The compensation of KMP, comprising of the Directors and senior management of the business, is provided by a related entity of the IFL Group. The total of this compensation is as follows:

	2023*	2022
	$	$
Short term employment benefits	7,935,025	3,905,758
Post-employment benefits	359,471	220,584
Share based payments	2,142,627	763,922
Termination benefits	215,475	-
Total	**10,652,598**	**4,890,264**

*The composition of the other key management personnel was revisited in the current year.

The compensation of KMP has been disclosed in accordance with their roles within the IFL Group. Employee service contracts do not include any compensation, including bonuses, specifically related to the role of KMP of the Company. As the roles of the KMPs within the IFL Group include activities relating to the Company as well as other entities within the IFL Group, the KMP compensation amount has not been allocated to a particular entity and as such the entire compensation of the relevant KMPs have been disclosed above.

Note 21. Structured entities

A structured entity ("SE") is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities and are often thinly capitalised with a reliance on debt financing for support.

SEs are consolidated when control exists in accordance with the accounting standard *AASB12 Disclosure of Interests in Other Entities*. In other cases, the Company may simply have an interest or may sponsor an SE but not consolidate it.

A disclosable 'interest' in an unconsolidated SE is not considered to exist where the Company's involvement does not establish more than a passive interest. On this basis, exposures to unconsolidated SEs that arise from the Company's investing activities are not considered disclosable interests.

Sponsored unconsolidated structured entities

For the purposes of this disclosure, the Company considers itself the 'sponsor' of an SE where it is the primary party involved in the design and establishment of that SE and where the Company is the majority user of that SE, or the Company's name appears in the name of that SE or on its products, or the Company provides implicit or explicit guarantees of that entity's performance.

The Company is the sponsor of superannuation funds for which it acts as Trustee for the AvWrap Retirement Service and IOOF Portfolio Service Superannuation Fund. The Company was a Trustee for the AET Small APRA Funds up to November 2022. The trusteeship was transferred to Equity Trustees Superannuation Limited as part of the sale of the Australian Executor Trustee (AET) business. The Company did not have any interest in these SEs during the year ended 30 June 2023, other than the fee income and the reimbursement of expenses incurred on behalf of the superannuation funds it receives for its trustee services. The superannuation funds are not consolidated by the Company.

Note 21. Structured entities (continued)

During the year, the Company recognised income of $123,599,900 (2022: $137,017,072) from its sponsored unconsolidated SEs, in the form of management and administration fees. The Company also recognised expense recoveries income from its sponsored unconsolidated SEs of $5,149,997 (2022: nil).

Note 22. Contingent liability

The Company may from time to time be exposed to contingent liabilities and potential claims in respect of the activities of the underlying trusts for which it acts as the Registrable Superannuation Entity ("RSE") Trustee. As at the date of this report, there are no contingent liabilities where the underlying fund is not expected to have sufficient assets to indemnify the RSE Trustee as appropriate.

As part of the operations of the business, the Company has been subject to various legal actions and claims. The Directors are of the view that the claims will not result in a significant loss to the Company, and as such no provision is required.

As identified in Note 16, the Company is party to the Insignia Financial Group SFA as a guarantor. At the date of this report, there is no financial liability for the Company under this agreement.

In November 2022, APRA imposed additional licence conditions on the Company. These conditions included:

- Enhancement of the Company's governance including in relation to oversight of service providers, risk, compliance and managing conflicts of interest;
- Appointment of an independent expert to examine the operational effectiveness of the Company's governance, accountability and risk management frameworks and practices; and
- Rectification of areas of concern with input from the independent expert.

In addition, APRA required that the Company comply with its legal obligation in relation to the transfer of member benefits. The Company is investigating the extent to which the timing in relation to the historic transfer of member benefits requires remediation. Provisions are recognised by a related entity where they can be reliably estimated. The potential outcome and total costs associated with these matters remain uncertain.

Note 23. Liability as a trustee

The Company acts as a Trustee for the following superannuation funds:

- AvWrap Retirement Service
- IOOF Portfolio Service Superannuation Fund

The Company was a Trustee for AET Small APRA Funds up to November 2022, when the trusteeship was transferred to Equity Trustees Superannuation Limited as part of the sale of the Australian Executor Trustee (AET) business.

The financial statements reflect the fiduciary nature of the Company's responsibility and as such do not show the assets and liabilities of the funds. The Company will only be liable if it commits a breach of its fiduciary duties.

At balance date, the assets of the superannuation funds are sufficient to meet its liabilities.

Note 24. Commitments

There were no capital or lease expenditure commitments as at 30 June 2023 (2022: $Nil).

Note 25. Events since the end of the reporting period

There have been no significant events from 30 June 2023 to the date of signing this report.

Directors' Declaration

The Directors of I.O.O.F. Investment Management Limited (the "Company") declare that:

a) in the Directors' opinion, the financial statements of the Company and the notes thereto, have been prepared in accordance with the *Corporations Act 2001*, including that:
   i. they comply with applicable Australian Accounting Standards and the *Corporations Regulations 2001*;
   ii. they give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance as represented by the results of its operations and its cash flows, for the year ended on that date; and
   iii. the financial statements and notes to the financial statements of the Company comply with International Financial Reporting Standards as described in Note 2; and

b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors, made pursuant to section 295(5)(a) of the *Corporations Act 2001* for the year ended 30 June 2023.

Lindsay Smartt
Director

23 August 2023

Independent Auditor's Report

To the shareholders of I.O.O.F. Investment Management Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of I.O.O.F. Investment Management Limited (the Company).

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

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

The ***Financial Report*** comprises:

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

Basis for opinion

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

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in I.O.O.F. Investment Management Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar4_2020.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Chris Wooden

Partner

Melbourne

23 August 2023