ANNUAL REPORT 15-16

For the year 30 June 2016, for presentation and adoption at the 81st Annual General Meeting to be held on Thursday, 3rd November 2016 at 10.00am at the United Service Club, 183 Wickham Terrace, Brisbane.

ABN: 70 087 649 456

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

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

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

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

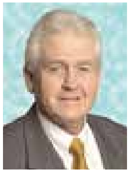
CONTENTS

Directors' Report
for the year ended 30 June 2016

The Directors of Sureplan Friendly Society Ltd present the report on the Consolidated Entity for the financial year ended 30th June 2016.

DIRECTORS

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



John Just PSM B.Bus., FCPA, FAICD
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Chairman from 3/7/2010
  - Retired Deputy Chief Executive (Resource Management) Queensland Police Service
  - Member of Audit, Due Diligence, Risk, Investment and Remuneration Committees
- Directors' Meetings attended: 9 of 9
- Fund Membership: Sureplan Family Fund

Geoffrey Woodcroft B.Bus., GradCert L & C, M.Leadership, GAICD
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Vice President Human Resources, Peabody Energy Australia
  - Member of Audit and Remuneration Committees
- Directors' Meetings attended: 7 of 9
- Fund Membership: Sureplan Family Fund

Jim Walsh LL.B, GAICD
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Deputy President, Administrative Appeals Tribunal
  - Member of Due Diligence, Investment and Risk Committees
- Directors' Meetings attended: 7 of 9
- Fund Membership: Sureplan Family Fund

Bill Wendt MBA, FAICD, MIMC, CMAHRI, MIIE
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Retired CEO Cadet Training & Employment
  - Member of Audit, Risk and Remuneration Committees
- Directors' Meetings attended: 7 of 9
- 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: 9 of 9
- Fund Membership: Sureplan Family Fund

Number of Directors' meetings held during the year - 9

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)	2	John Just Geoff Woodcroft Bill Wendt (Chair)	2 2 2
Risk (Chairman & 2 Directors)	2	John Just Jim Walsh (Chair) Bill Wendt	2 2 2
Due Diligence (Chairman, Director & Managing Director)	1	John Just Jim Walsh Mary-Ann Cook	1 1 1
Investment (Chairman, Director & Managing Director)	3	John Just Jim Walsh Mary-Ann Cook	3 1 3
Remuneration (Chairman & 2 Directors)	1	John Just Geoff Woodcroft Bill Wendt	1 - 1

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. 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 Friendly Society Ltd in office at the date of this report, specifying which are independent, are set out in the Director's Report pages 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 judgement. The Economic Entity considers that service on the Board for a period greater than 20 years renders a director non independent.

GUARANTEE

In the event of Sureplan Friendly Society Ltd 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 the company are liable to contribute if the company is wound up is $56,270 based on 28,135 current members.

OBJECTIVES

Short and Long Term Objectives

- To provide quality funeral funding products to current and new Members and to continue to develop product 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 APRA's Prudential Standards (particularly LAGIC) and maintain their confidence in our ability to satisfy these Standards going forward;
- To ensure the Society's investment strategies are sound, ethical and accord with risk tolerance levels set by the board as expressed in the Society'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 cash flow into the Management Fund; and
- To ensure that the Society complies with all statutes regarding governance and provides 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 the Society during the year were as follows:

The management and administration of-

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

The Society 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 best results will be attained through meeting the identified operational and strategic objectives, the achievement of which will ensure the continuing supply of viable, relevant, cost effective funeral funding options to its members.

Likely future developments and expected results

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

- To maintain current growth rates in Membership for Sureplan Gold and Sureplan Body Transportation Funeral Fund;
- To maintain existing Membership numbers for Sureplan Family Fund; and
- To achieve better than a breakeven financial result at 30/6/2017.

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

Measurement of Performance

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

Risk Management

In accordance with prudential requirements that took effect from 1/1/2014 Sureplan has established an Internal Capital Adequacy Assessment Process (ICAAP) to assess and manage our risk and for maintaining our capital levels commensurate with our 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 the Society.

The objective of the Society's ICAAP is to ensure an appropriate level of capital is maintained by the Society at all times and to meet the requirements of stakeholders including the Australian Prudential Regulatory Authority (APRA) and members.

The ICAAP integrates the Society'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 with consideration of the Society's Risk Appetite and the need to maintain capital adequacy. It is designed to reflect the size, nature and complexity of the Society. It is designed to meet the Society's needs in a timely and effective manner and to recognise that capital is the price for risk and that business decisions drive risk.

The Society's Board is responsible for ensuring an appropriate level and quality of capital is maintained given the risks arising from the activities of the Society. There were no breaches of the Society's ICAAP in 2015/2016.

From 1/9/2014 the Society has incorporated into its Risk Management Framework the role of a Chief Risk Officer (CRO). From 1/1/2015 Prudential standards require that the Society has a CRO who must be involved in, and have the authority to provide effective challenge to, 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 the Society has outsourced this function.

The CRO has a direct reporting line to the MD, and has regular and unfettered access to the Board and the Risk Committee. The CRO is involved in the Society'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 the Society's management and Board.

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

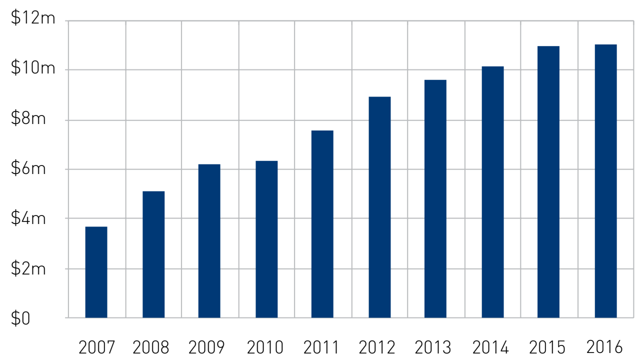
Net profit for year

The 2015/2016 Operating Profit/Loss of the consolidated entity after income tax amounted to a loss of ($195,609). In 2014/2015 it was a profit of $278,641.

General

The Society currently operates in an environment where global yields in wholesale markets are not only at historic lows but where the logical and usual reactions to influences in the market are not happening. Sureplan must operate in a competitive, regulated environment with economic markets that are still dominated by uncertainty and volatility. These factors are exerting downward pressure on income as well as recruitment. The impact of this difficult environment is reflected in the loss of $195,609 in the Management Fund as at 30/6/2016. This result is a direct consequence of low income, from secure investments in the benefit funds, reducing the level of management fees paid by the benefit funds in 2015/2016.

This low income environment has further impacted the Society in the areas of members' surplus distribution and Prudential Reserving requirements. In 2014/2015, in order to ensure that an acceptable bonus rate could be declared and that all Prudential reserving requirements would be met, the Board resolved that the management fee charged on Sureplan Gold would be reduced to 1.5% for future years, with the remaining 0.5% to be taken only if sufficient surplus has been earned.



SUREPLAN GOLD ANNUAL CONTRIBUTIONS $

The level of surplus and the management fee transferred were closely monitored and in 2015/2016 management fees were reduced more aggressively, to less than 1%. In the budget for 2016/2017 expenditure levels reflect a very reduced income environment and further losses are not expected. However, previous years' growth levels will not return in the short term.

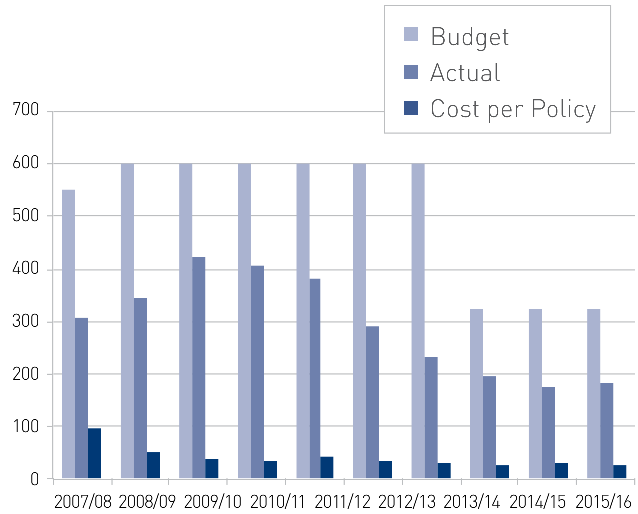
All prudential reserving requirements in all the funds have been met during the year. Sureplan Gold paid a pretax bonus at the rate of 1.5%, which is less than the rate paid in 2014/2015 (2%) but nevertheless is a reasonable return in a historically low interest rate environment.

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

The major operational focus has continued to be the improved marketing of Sureplan's products resulting in an overall expansion of the membership data base. Work continued this year on the Sureplan website, www.sureplan.com.au, with our focus still heavily aligned with modern communication channels, the existing agency network and commercial alliances.

The design and maintenance of Sureplan's website was brought in-house this year with significant cost savings reflected in the 2016/2017 budget. The success of this focus in Sureplan Gold has continued (albeit with slightly reduced recruitment numbers) and while recruitment in Sureplan Family Fund is still a challenge the strategy of increasing member numbers while at the same time decreasing recruitment costs remains a primary focus. However, the impact of the current economic uncertainty has impacted on recruitment levels and the funds have fallen just short of recruitment targets.

There were no other significant changes in the nature of activities of the Society during the year.



SUREPLAN FAMILY FUND RECRUITMENT

SUREPLAN FAMILY FUND

Sureplan Family Fund continues to meet all prudential capital requirements. This continuing ability is underpinned by the matching of the members' benefit liability with the long term (now 19 year) Treasury Corporation Victoria (TCV) bond. This strategy guarantees minimum earnings requirements over the long term. However, the zero coupon nature of this investment is impacting on cash flow requirements for this fund. The Board has established a risk mitigation strategy of withholding a portion of management fee cash flow from the Management Fund for 2015/2016, and future years. Cash flow requirements during this long period of zero coupon investments and low interest are modelled and closely monitored

No bonus was declared in 2015/2016 as surpluses are still being retained to ensure that the fund meets all APRA reserving requirements during this continuing cycle of market volatility and depressed interest rates. However, the maturity bonus, established in recognition of the member's interest in the accruing surplus, was paid in 2015/2016 and will continue in 2016/2017 at the same rate as the previous years'. This bonus is included in the calculation of Members' benefits paid during the year.

Following APRA's approval of the rule change adopted by the members at the 2012/2013 Annual General Meeting a reserve of $10 million is carried as mitigation against regulatory risk.

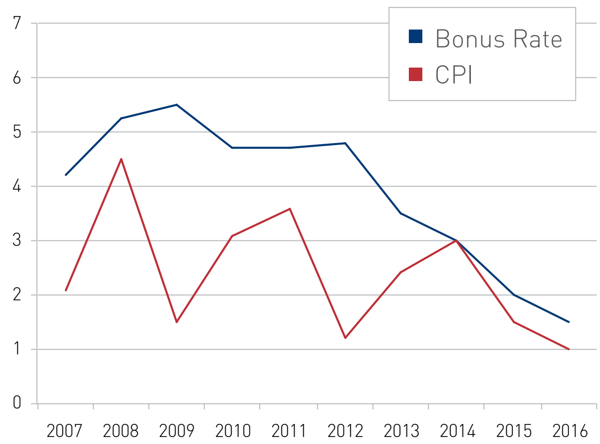
Sureplan Family Fund had 15,561 current members at 30/6/2016, (2015 15,665). This decline was due mainly to an increase in the number of members struck off for non-payment of premiums, (another impact of the current economic environment). Members are only struck off if they are more than 12 months in arrears and various reminders are sent before this action is taken. There are no refunds of premiums paid to these members. Recruitment of new members in the fund was well in excess of the number of Member Payouts.

The Society is focused on positioning Sureplan Family Fund as a high value funeral insurance option that can save members significant premiums and deliver them a better quality service.

SUREPLAN GOLD

The fund had another successful year but budgeted growth was just less than target. However, the average investment in Sureplan Gold increased in the year. The average value of a bond at 30/6/2016 is $5,279 ($5,104 2015). As in previous years the ongoing growth and maintenance of the funeral director network is still a major focus.

The rate of bonus distribution for the year ending 30 June 2016 was 1.5% despite another difficult financial year of continuing low interest rates. This rate is reflective of the low risk investment strategy of this fund and the continuing low interest rate environment which together drove up reserving requirements and therefore had a negative impact on this year's bonus rate. Management fees were cut to below 1% to combat these influences and the Fund attained its target of returning CPI or better to its members. Sureplan Gold has historically produced returns that either met or exceeded CPI.



SUREPLAN GOLD BONUS RATE/CPI

Surplus of $164,086 (2015 $494,127) was retained in excess of prudential reserving and to meet target surplus requirements. Target surplus is an amount of capital additional to a capital benchmark that a life insurance company chooses to hold, given its risk tolerance levels, to allow for adverse future experience. This fund had 12,574 current members at 30/6/2016 (11,997 2015).

All funds are invested in A- to AAAA rated government issued cpi bonds, government guaranteed term deposits, corporate floating and fixed interest bonds or term deposits, with durations that match the liability duration.

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

This fund has progressed steadily during the year but did not meet budgeted recruitment targets. There were no claims paid in 2015/2016. This fund had 1,084 current members at 30/6/2016 (1,041 2015).

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 the Society, the results of those operations or the state of affairs of the Society, in future financial years.

Signed in accordance with a resolution of the Directors

DIRECTOR

Dated: 27th September 2016
Place: Brisbane

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

Declaration of Independence

DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF SUREPLAN FRIENDLY SOCIETY LTD

As lead auditor of Sureplan Friendly Society Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 27 September 2016

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

		Economic Entity		Parent Entity	
		2016	2015	2016	2015
	Note	$	$	$	$
Revenues	2	12,245,140	10,160,381	1,429,186	1,940,241
Expenses	3	(12,436,611)	(9,852,666)	(1,620,657)	(1,632,526)
Profit/(loss) before income tax		(191,471)	307,715	(191,471)	307,715
Income tax expense	4	(4,138)	(29,074)	(4,138)	(29,074)
Net profit/(loss) after income tax		(195,609)	278,641	(195,609)	278,641
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		(195,609)	278,641	(195,609)	278,641

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2016

	Note	Economic Entity		Parent Entity	
		2016	2015	2016	2015
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	917,319	865,456	459,895	213,912
Trade and other receivables	6	127,656	162,426	371,401	140,978
Financial assets at fair value through profit and loss	7	82,509,769	77,478,385	1,479,383	2,009,887
Other current assets	8	1,949	35,754	1,949	35,754
Current tax receivable	4	23,704	-	-	-
TOTAL CURRENT ASSETS		83,580,397	78,542,021	2,312,628	2,400,531
NON-CURRENT ASSETS					
Financial assets at fair value through profit and loss	9	50,168,635	40,927,873	-	-
Property, plant and equipment	10	24,124	33,587	24,124	33,587
Intangible assets	11	221,849	229,443	221,849	229,443
Deferred Tax assets	12	8,438	9,243	8,438	9,243
TOTAL NON-CURRENT ASSETS		50,423,046	41,200,146	254,411	272,273
TOTAL ASSETS		134,003,443	119,742,167	2,567,039	2,672,804
CURRENT LIABILITIES					
Trade and other payables	13	189,266	164,554	183,732	138,823
Short term provisions	14	592,508	522,908	592,508	522,908
Current tax liabilities	4	-	121,299	3,786	28,451
Policy liabilities	28	7,385,801	5,821,931	-	-
TOTAL CURRENT LIABILITIES		8,167,575	6,630,692	780,026	690,182
NON-CURRENT LIABILITIES					
Policy liabilities	28	114,048,855	101,128,853	-	-
TOTAL NON-CURRENT LIABILITIES		114,048,855	101,128,853	-	-
TOTAL LIABILITIES		122,216,430	107,759,545	780,026	690,182
NET ASSETS		11,787,013	11,982,622	1,787,013	1,982,622
EQUITY					
Retained earnings		1,787,013	1,982,622	1,787,013	1,982,622
Reserves		10,000,000	10,000,000	-	-
TOTAL EQUITY		11,787,013	11,982,622	1,787,013	1,982,622

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2016

	Retained Earnings $	TOTAL $
ECONOMIC ENTITY		
Balance at 1 July 2014	1,703,981	1,703,981
Total comprehensive income for the year		
- Profit for the year	278,641	278,641
- Other Comprehensive income for the year	-	-
Total comprehensive income for the year	278,641	278,641
Transfer from Policy Liability to Reserve	10,000,000	10,000,000
Balance at 30 June 2015	11,982,622	11,982,622
Total comprehensive income for the year		
- Profit for the year	(195,609)	(195,609)
- Other Comprehensive income for the year	-	-
Total comprehensive income for the year	(195,609)	(195,609)
Balance at 30 June 2016	11,787,013	11,787,013
PARENT ENTITY		
Balance at 1 July 2014	1,703,981	1,703,981
Total comprehensive income for the year		
-Profit for the year	278,641	278,641
-Other Comprehensive income for the year	-	-
Total comprehensive income for the year	278,641	278,641
Balance at 30 June 2015	1,982,622	1,982,622
Total comprehensive income for the year		
-Profit for the year	(195,609)	(195,609)
-Other Comprehensive income for the year	-	-
Total comprehensive income for the year	(195,609)	(195,609)
Balance at 30 June 2016	1,787,013	1,787,013

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Note	Economic Entity		Parent Entity	
		2016	2015	2016	2015
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Members contributions received		11,975,408	11,915,054	-	-
Members claims & withdrawals		(7,372,034)	(6,475,639)	-	-
Receipts from customers		187	11,033	1,167,726	1,930,694
Payments to suppliers and employees		(1,448,245)	(1,472,048)	(1,380,190)	(1,435,824)
Interest received		2,573,945	2,401,656	40,236	57,967
Income tax paid		(135,224)	(63,599)	(28,803)	(26,700)
Net investment income		(197,986)	1,246,654	-	-
Net cash provided by (used in) operating activities	21	5,396,051	7,563,111	(201,031)	526,137
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(2,375)	(5,880)	(2,375)	(5,880)
Purchase of intangibles		(72,723)	(72,149)	(72,723)	(72,149)
Purchase of investments		(5,269,090)	(7,230,714)	522,112	(527,788)
Net cash provided by (used in) investing activities		(5,344,188)	(7,308,743)	447,014	(605,817)
Net increase/(decrease) in cash held		51,863	254,368	245,983	(79,680)
Cash at beginning of year		865,456	611,088	213,912	293,592
Cash at end of year	5	917,319	865,456	459,895	213,912

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2016

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 ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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 the following benefit funds:

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

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

The financial report was authorised for issue on 27th September 2016 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

A controlled entity is any entity Sureplan Friendly Society Ltd has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 1 to the financial statements above. All controlled entities have a June financial year end.

All inter-Economic Entity balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. Income Tax

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. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

Sureplan Friendly Society Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the ATO that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement whereby each Economic Entity in the group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

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 including capitalised lease 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% or 20 % Prime cost
Furniture and fittings	7.5% or 20% Prime cost
Computer equipment	16.67%, 20% or 25% Prime cost

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

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise. Assets in this category are classified as current assets in the Statement of Financial Position if they are expected to settle within 12 months; otherwise they are classified as non-current assets.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

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 group.

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 group 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.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

e. Impairment of Assets

At the end of each reporting period the Group 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 group 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 consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and duties and taxes paid. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised using the effective interest method, using the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

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 and amended standards and interpretations adopted during the year

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 July 2015. The nature and the impact of each new standard and/or amendment are not expected to be significant.

New and amended standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out in the following table:

New/revised pronouncements	Nature of change	Application date to the Group	Impact to the Group
AASB 9 *Financial Instruments (December 2014)*	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010).	30 June 2019	The Group has not yet assessed the full impact of this Standard.
AASB 15 *Revenue from Contracts with Customers*	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.	30 June 2018	The Group has not yet assessed the full impact of this Standard.
AASB 16 (issued February 2016)	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	30 June 2020	The Group has not yet assessed the full impact of this Standard.
AASB 2016-3 (issued May 2016)	Clarifies AASB 15 application issues relating to: • Identifying performance obligations • Principal vs. agent considerations • Licensing • Practical expedients.	30 June 2019	The Group has not yet assessed the full impact of this Standard.

m. Intangible Assets

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and 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 Fixed Asset	Amortisation Rate
Computer software	16.67 % Prime cost, Purchases from 1/7/2015 20%

n. Policy Liabilities Valuation

1) Sureplan Family Fund

Mortality probabilities of 15% lower than the Australian Life Tables 2010-12, previously 10% lower than Australian Life Tables 2010-12.

- Net discount rate of 1.64% which is based on:

Expected gross investment rate earnings	2.87%
Expected fund expenses rate	1.01%
Taxation rate 7.2%	0.12%
Future compound bonuses of	0.10%

Policy liabilities	$52,998,391
Future discretionary bonuses	$1,680,392
Maturity Bonus	$41,429
Retained surplus	$10,000,000
TOTAL	$64,720,212

2) Sureplan Body Transportation Funeral Fund

Liability valuations were calculated as the mean estimate assuming 1 in 20 deaths are eligible for funeral transport (occurring outside a 70km radius) and that the average cost of transport is $1,831

The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of 15% lower than the Australian Life Tables 2010-12, in line with the Family Fund mortality experience
- Net discount rate of .55% which is based on:
  Expected gross investment rate earnings 2.55% less transfers from surplus at up to 2% of assets.
  Expected fund expenses rate: Fund expenses of $3.09 p.a. per member.
  Taxation rate (taxed on profit) 0.00%

Policy Liabilities (including fund expenses of 2% of assets) = $120,548, plus future fee expenses $48,956.

The increases from 2014/15 arise from increased membership and a lower future investment earning rate.

3) Sureplan Gold Fund

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

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

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

4) Sureplan Gold Fund Provisional Bonus Allocation

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

o. Critical accounting estimates and judgements

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

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

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

p. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the economic entity as lessee are classified as operating leases. Payments made under operating leases are charged to profit and loss over the period of the lease.

q. Capital Adequacy Position

Following are the capital requirements for the Society at 30 June 2016 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	64,720,212	54,720,212	10,000,000	-	-
Sureplan Gold Fund	66,544,940	66,544,940	-	-	-
Sureplan Body Transportation Funeral Fund	169,504	169,504	-	-	-
Sureplan Management Fund	1,787,013	-	1,787,013	-	481,851
	133,221,669	121,434,656	11,787,013	-	481,851
Regulatory adjustments			-		
Common Equity Tier 1 Capital			-		
Tier 2 Capital			-		
Total Capital Base of Society			11,787,013		
PCA			481,851		
Multiple			24.46		

NOTE 2: REVENUE

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Operating revenue				
- Revenue from Benefit Funds	-	-	1,398,962	1,888,777
	-	-	1,398,962	1,888,777
Net Investment income				
- Interest received	2,351,443	2,216,346	38,616	41,058
- Fair value movement of financial assets at fair value through the profit and loss	9,003,055	5,713,716	(8,392)	10,406
- Net Gain on sale of Bonds	(10,254)	1,262,890	-	-
Revenue Component of member contributions	900,710	956,396	-	-
Other Income	186	11,033	-	-
Total Income	12,245,140	10,160,381	1,429,186	1,940,241

NOTE 3: EXPENSES

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Claims Expense	562,662	603,827	-	-
Member Liability Revaluation	14,605,685	12,515,380	-	-
Depreciation of plant and equipment	11,838	14,118	11,838	14,118
Amortisation of computer software	80,316	74,164	80,316	74,164
Net expense resulting in movements in provision for employee entitlements	24,321	18,122	24,321	18,122
Superannuation contributions expense	58,586	56,731	58,586	56,731
Employment Expenses	602,879	641,932	602,879	641,932
Accommodation Expenses	73,865	92,575	73,865	92,575
Marketing Expenses	401,933	398,232	401,933	398,232
Administration Expenses	414,779	381,628	366,919	336,652
Transfer to Policy Liability	(4,400,253)	(4,944,043)	-	-
	12,436,611	9,852,666	1,620,657	1,632,526

NOTE 4: INCOME TAX

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Current tax expense				
Income tax expense/(benefit) comprises:				
Current tax expense/ (benefit)	4,138	29,074	4,138	29,074
Deferred tax expense	-	-	-	-
	4,138	29,074	4,138	29,074
Numerical reconciliation of income tax expense to prima facie tax payable.				
Profit before income tax	(191,471)	307,715	(191,471)	307,715
	(191,471)	307,715	(191,471)	307,715
Prima facie tax/(benefit) on operating profit at 30% (2015:30%)	(57,441)	92,315	(57,441)	92,315
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Management Fees	(419,689)	(566,633)	(419,689)	(566,633)
Allocation of Management Fund expense	(2,592)	(2,524)	(2,592)	(2,524)
Expenses directly allocated	259,267	257,494	259,267	257,494
Management Fund expenses	226,930	232,264	226,930	232,264
Imputation Credits	(802)	(749)	(802)	(749)
Taxable Trust Distributions	1,082	1,087	1,082	1,087
Timing differences	486	22,975	486	22,975
Reversal prior year's DTA	2,518	-	2,518	-
Transfer Society tax credits	(5,621)	(7,155)	(5,621)	(7,155)
Income tax expense	4,138	29,074	4,138	29,074
Tax Assets				
Current tax receivable	23,704	-	-	-
Tax liabilities				
Provision for Income Tax	-	121,299	3,786	28,451

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Cash at bank (at call interest paid monthly)				
Effective interest rate .75% (2015 1.5%)	917,119	865,256	459,695	213,712
Petty Cash	200	200	200	200
	917,319	865,456	459,895	213,912

NOTE 6: TRADE AND OTHER RECEIVABLES

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Sundry Debtors	-	-	366,254	136,634
Accrued Interest	122,683	159,875	174	1,793
Other receivables	4,973	2,551	4,973	2,551
	127,656	162,426	371,401	140,978

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

NOTE 7: FINANCIAL ASSETS

	Economic Entity		Parent Entity	
FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	2016	2015	2016	2015
	$	$	$	$
Other Managed Public Securities at fair value	70,403,931	66,163,105	955,296	963,688
Term Deposits (30 days to less than 2 years' duration at market rates weighted average interest rate of 3.64% (2015 3.64%) at fair value.	12,023,168	11,224,981	524,087	1,046,199
Cash Enhanced Funds at fair value.	82,670	90,299	-	-
	82,509,769	77,478,385	1,479,383	2,009,887

NOTE 8: OTHER CURRENT ASSETS

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Prepaid Expenses	1,949	35,754	1,949	35,754

NOTE 9: LONG TERM FINANCIAL ASSETS

	Economic Entity		Parent Entity	
FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	2016 $	2015 $	2016 $	2015 $
Other Managed Public Securities at fair value	6,372,154	5,877,031	-	-
State Government Treasury Bonds at fair value.	43,796,481	35,050,842	-	-
	50,168,635	40,927,873	-	-

NOTE 10: PROPERTY, PLANT & EQUIPMENT

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Plant & equipment at cost	118,254	330,409	118,254	330,409
Accumulated depreciation	(94,130)	(296,822)	(94,130)	(296,822)
Net carrying value	24,124	33,587	24,124	33,587
Movements in plant & equipment				
Opening balance	33,587	41,825	33,587	41,825
Additions	2,375	5,880	2,375	5,880
Depreciation	(11,838)	(14,118)	(11,838)	(14,118)
Closing Balance	24,124	33,587	24,124	33,587

NOTE 11: INTANGIBLES

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Computer Software	520,193	673,440	520,193	673,440
Accumulated amortisation	(298,344)	(443,997)	(298,344)	(443,997)
Net carrying value	221,849	229,443	221,849	229,443
Movements in Software				
Opening balance	229,443	231,458	229,443	231,458
Additions	72,723	72,149	72,723	72,149
Amortisation	(80,317)	(74,164)	(80,317)	(74,164)
Closing Balance	221,849	229,443	221,849	229,443

NOTE 12: DEFERRED TAX ASSETS

Deferred tax assets comprise temporary differences attributable to:	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Sureplan Gold Members Tax Credits	8,438	9,243	8,438	9,243
	8,438	9,243	8,438	9,243
Sureplan Gold Members Tax Credits				
Opening Balance	9,243	9,877	9,243	9,877
Maturities	(805)	(634)	(805)	(634)
Closing Balance	8,438	9,243	8,438	9,243
Total movements	(805)	(634)	(805)	(634)

Sureplan Gold Members Tax Credits were incurred in 2003 and 2004 and are payable on the maturity of the associated bonds.

NOTE 13: TRADE AND OTHER PAYABLES

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Trade account payables	11,934	9,252	11,934	9,252
Sundry creditors and accruals	119,745	107,476	114,211	81,745
Accrued employee benefits	57,587	47,826	57,587	47,826
	189,266	164,554	183,732	138,823

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 14: SHORT TERM PROVISIONS

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Provision for employees Long Service Leave	150,985	136,425	150,985	136,425
Provision for Directors' Retirement Benefit	441,523	386,483	441,523	386,483
	592,508	522,908	592,508	522,908

Movements in Provision for Directors' Retirement Benefit				
Opening balance	386,483	275,000	386,483	275,000
Withdrawals	-	-	-	-
Additions	55,040	111,483	55,040	111,483
Closing Balance	441,523	386,483	441,523	386,483

NOTE 15: AUDITORS' REMUNERATION

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	33,000	33,500	33,000	33,500
- taxation services	20,000	16,500	20,000	16,500
	53,000	50,000	53,000	50,000

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits		Post employment benefit		
	Salary & Fees	Bonus	Other	Long-term Benefits Superannuation	Total
2016 Total Compensation	619,220	-	-	58,586	677,806
2015 Total Compensation	602,349	-	-	56,730	659,079

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, 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 17: LEASE COMMITMENTS PAYABLE

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
Lease commitments payable due within the following time band:				
– Less than 1 year	61,735	38,573	61,735	38,573
– Greater than 1 year but less than 5 years	198,475	-	198,475	-
– Greater than 5 years	175,152	-	175,152	-
	435,362	38,573	435,362	38,573

Lease commitments are for accommodation at Ground Floor, 133 Leichhardt St, Spring Hill. The lease commenced on 1/12/2015 and expires on 1/12/2022 with a 7-year option.

NOTE 18: RELATED PARTY INFORMATION

a. Directors

Directors in office during the financial year were:

- John Just (Chairman)
- Geoffrey Woodcroft
- James Walsh
- Mary-Ann Cook (Executive Director)
- Bill Wendt

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 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

The Society has a loan facility of $300,000 (2015: $267,738) 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

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	$	$	$	$
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX				
Net Profit/(Loss)	(195,609)	278,642	(195,609)	278,642
Depreciation/ Amortisation	92,154	88,282	92,154	88,282
Increase/(decrease) in receivables	34,770	186,971	(229,616)	58,826
Increase/(decrease) in other current assets	33,805	562	33,805	562
(Increase)/decrease in accounts payable	14,951	(12,996)	35,147	(21,748)
Transfer to provision for employee entitlements	79,361	129,605	79,361	129,605
Transfers to tax provisions	(144,197)	11,053	(24,665)	2,374
Revaluation Investments	(9,003,056)	(5,731,613)	8,392	(10,406)
Movement in Member Liability	14,483,872	12,612,605	-	-
Net cash from operating activities	5,396,051	7,563,111	(201,031)	526,137

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.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT.)

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 A2 (S&P Australian Ratings).

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

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 Balance Sheet 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.

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

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 the Society. This may have adverse effects on the Society's ability to attract new members/investment in its products.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT.)

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 maximize 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 $96.45 million
- Floating Interest Rate $31.48 million

Interest Rate Risk Sensitivity Analysis

At 30 June 2016, 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	
	2016	2015	2016	2015
CHANGE IN PROFIT	$	$	$	$
Increase in interest rate by 1%	23,514	22,163	386	411
Decrease in interest rate by 1%	(23,514)	(22,163)	(386)	(411)

Equity Price Risk

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

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

If the ASX 200 were to decline by 10%, the Society's listed investments would decline by $473,957

If the ASX 200 were to increase by 10%, the Society's listed investments would increase by $473,957

Capital Risk Management

The Society considers its capital to consist of its accumulated retained earnings.

In managing its capital, the Society'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 the Society 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 2016		As at 30 June 2015	
ECONOMIC ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	$	$	$	$
Term Deposits	12,023,168	12,023,168	11,224,981	11,224,981
Commercial Paper	41,886,724	41,886,724	37,403,612	37,403,612
Government Paper	74,028,942	74,028,942	64,937,283	64,937,283
Units in Managed Trusts	4,739,570	4,739,570	4,840,382	4,840,382
	132,678,404	132,678,404	118,406,258	118,406,258

	As at 30 June 2016		As at 30 June 2015	
PARENT ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	$	$	$	$
Term Deposits	524,087	524,087	1,046,200	1,046,200
Commercial Paper	498,384	498,384	504,278	504,278
Units in Managed Trusts	456,912	456,912	459,410	459,410
	1,479,383	1,479,383	2,009,888	2,009,888

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

	As at 30 June 2016		As at 30 June 2015	
ECONOMIC ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	$	$	$	$
Policy Liabilities	121,434,656	121,434,656	106,950,784	106,950,784

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 Group 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	$	$	$	$
2016				
Financial assets at fair value through profit and loss	88,881,923	43,796,481	-	132,678,404
2015				
Financial assets at fair value through profit and loss	83,355,416	35,050,842	-	118,406,258
Parent Entity				
2016				
Financial assets at fair value through profit and loss	1,479,383	-	-	1,479,383
2015				
Financial assets at fair value through profit and loss	2,009,887	-	-	2,009,887

The group'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.

There have been no significant transfers into or out of each level during the year ended 30 June 2016 or the prior year.

Valuation techniques used to derive Level 2 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.

Interest Rate Risk

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

	Weighted Average Effective Fixed Interest Rate		Interest Rate: Fixed Interest Within 1 Year		Fixed Interest 1 to 5 years		Fixed Interest Greater than 5 years		Floating Interest Rate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	$	$	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL ASSETS:												
Cash and cash equivalents	1.05	1.50	-	-	-	-	-	-	917,320	865,456	917,320	865,456
Investments	3.73	4.01	15,804,568	9,524,981	5,515,150	7,017,050	75,135,946	65,497,264	31,483,170	31,526,581	127,938,834	113,565,876
Total Financial Assets			15,804,568	9,524,981	5,515,150	7,017,050	75,135,946	65,497,264	32,400,490	32,392,037	128,856,154	114,431,332

The Total Financial Assets figure above does not include $4,739,570 (2015: $4,840,382) assets in Unit Trusts

			Fixed Interest Within 1 Year		Floating Interest Rate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	$	$	$	$	$	$
PARENT ENTITY FINANCIAL ASSETS:								
Cash and cash equivalents	.10	.10	-	-	459,895	213,912	459,895	213,912
Investments	2.68	2.89	524,087	1,550,477	498,384	-	1,022,471	1,550,477
Total Financial Assets			524,087	1,550,477	958,279	213,912	1,482,366	1,764,389

The Total Financial Assets figure above does not include $456,912 (2015: $459,410) assets in Unit Trusts

NOTE 27: MATURITY PROFILE FINANCIAL LIABILITIES

Maturity Profile of Financial Liabilities

	Within 1 Year		1 -5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL LIABILITIES:								
Trade and other Payables	189,266	164,554	-	-	-	-	189,266	164,554
Member's Liability	7,385,801	5,821,931	23,529,992	56,480,043	90,518,863	44,648,810	121,434,656	106,950,784
Total Financial Liabilities	7,575,067	5,986,485	23,529,992	56,480,043	90,518,863	44,648,810	121,623,922	107,115,338

	Within 1 Year		Total	
	2016	2015	2016	2015
	$	$	$	$
PARENT ENTITY FINANCIAL LIABILITIES:				
Trade and other Payables	183,732	138,823	183,732	138,823
Total Financial Liabilities	183,732	138,823	183,732	138,823

NOTE 28: BENEFIT FUND SUMMARY FOR THE YEAR ENDED 30 JUNE 2016

	Sureplan Family Fund $	Sureplan Gold $	Sureplan BTFF $	All Benefit Funds $
BENEFIT FUND ALLOCATED SURPLUS				
Value of Policy Liabilities (start of period prior to surplus allocation)	40,135,253	60,404,252	148,778	100,688,283
Allocation of surplus as at previous reporting date	-	822,069	-	822,069
Liability component of contributions	-	11,074,699	-	11,074,699
Withdrawals	-	(6,593,615)	-	(6,593,615)
Allocation of surplus	-	665,011	-	665,011
Actuarial revaluation	14,584,959	-	20,726	14,605,685
Member's Tax Credit	-	8,438	-	8,438
Value of Policy Liabilities(end of period)	54,720,212	66,380,854	169,504	121,270,570
BENEFIT FUND PROFIT AND LOSS				
Net investment income	10,167,963	1,142,671	3,386	11,314,020
Revenue component of contributions	879,210	-	21,500	900,710
Other income	186	-	-	186
Fees to management fund	(831,112)	(567,850)	-	(1,398,962)
Claims expense	(562,662)	-	-	(562,662)
Members liability revaluation	(14,584,959)	-	(20,726)	(14,605,685)
Other expenses	(18,742)	(24,958)	(4,160)	(47,860)
Income tax expense	13,051	(214,890)	-	(201,839)
Profit/loss after tax	(4,937,065)	334,973	-	(4,602,092)
Unallocated Surplus (start of period)	4,937,065	494,124	-	5,431,189
Surplus allocated to members	-	(619,660)	-	(619,660)
Provisional allocation to members	-	(45,351)	-	(45,351)
Unallocated Surplus (end of period)	-	164,086	-	164,086
TOTAL MEMBER FUNDS				
Current Liability				7,385,801
Non-Current Liability				114,048,855
Reserves				10,000,000
(Value of Policy Liabilites plus Unallocated Surplus)				131,434,656
BENEFIT FUND BALANCE SHEET SUMMARY				
Net Assets (Total Member Funds)	54,720,212	66,544,940	169,504	121,434,656
Other Liabilities	357,751	7,220	4,000	368,971
Reserves	10,000,000	-	-	10,000,000
Total Assets	65,077,963	66,552,160	173,504	131,803,627

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 2016 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.

Director

Dated: 27 September 2016
Place: Brisbane

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Fax: +61 7 3221 9227
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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

Independent Auditor's Report

To the members of Sureplan Friendly Society Ltd

Report on the Financial Report

We have audited the accompanying financial report of Sureplan Friendly Society Ltd, which comprises the statements of financial position as at 30 June 2016, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sureplan Friendly Society Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Sureplan Friendly Society Ltd is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

BDO Audit Pty Ltd

BDO

P A Gallagher
Director

Brisbane, 27 September 2016

SUREPLAN FAMILY FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$	$
INVESTMENT INCOME			
Interest		279,042	162,374
Changes in net market values	4	9,903,968	6,571,887
TOTAL INVESTMENT INCOME		10,183,010	6,734,261
Direct investment expense		15,047	17,718
NET INVESTMENT INCOME		10,167,963	6,716,543
Revenue component of member contributions		879,210	931,646
Other Income	5	186	11,033
TOTAL INCOME		11,047,359	7,659,222
OPERATING EXPENSES			
Fees to management fund	11	831,112	828,277
Claims expense		562,662	603,827
Member liability revaluation		14,584,959	12,459,405
Other expenses	2	18,742	19,591
TOTAL OPERATING EXPENSES		15,997,475	13,911,100
OPERATING PROFIT/LOSS BEFORE INCOME TAX		(4,950,116)	(6,251,878)
Income Tax Expense	3	(13,051)	128,749
OPERATING PROFIT/LOSS AFTER INCOME TAX		(4,937,065)	(6,380,627)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(4,937,065)	(6,380,627)
Unallocated Surplus or Deficiency at the beginning of the reporting period		4,937,065	21,317,692
Transfer to Reserves		-	(10,000,000)
TOTAL AVAILABLE FOR ALLOCATION		-	4,937,065
Allocated to members		-	-
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		-	4,937,065

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$	$
ASSETS			
Cash and Cash Equivalents	6	17,099	176,256
Trade and other receivables	7	59,010	57,357
Financial Assets	8	65,001,854	55,097,886
TOTAL ASSETS		65,077,963	55,331,499
LIABILITIES			
Trade and other payables	9	357,751	259,181
TOTAL LIABILITIES		357,751	259,181
NET ASSETS		64,720,212	55,072,318
MEMBERS FUNDS			
Value of Policy Liabilities	10	54,720,212	40,135,253
Unallocated Surplus/Deficiency		-	4,937,065
Reserves		10,000,000	10,000,000
TOTAL BENEFIT FUND MEMBERS' FUNDS		64,720,212	55,072,318

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

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

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

AASB 1031:	Materiality
AASB 110:	Events after the Balance Sheet Date
AASB 101:	Presentation of Financial Statements
AASB 108:	Accounting Policies, Changes in Accounting and Errors

No other Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

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

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

a) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: recognition and Measurement of Financial Instruments. Derivatives are also categorized 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) Interest Rate Risk

The fund is not exposed to any material risk from interest rates. Financial Assets and Liabilities disclosed in the accounts are non interest bearing except as otherwise disclosed.

c) 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.

d) 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 group of counterparties with the exception of funds invested with recognised financial institutions or state governments.

e) Receivables

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

f) Income Recognition

Rental income is brought to account when due under the terms of the lease. Trust distributions are brought to account when the right to receive the distribution is established.

g) Depreciation of Property, Plant and Equipment

Investments in properties are not depreciated.

h) Accounts Payable

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

i) Policy Liabilities Valuation

Sureplan Family Fund

Mortality probabilities of 15% lower than the Australian Life Tables 2010-12, previously 10% lower than Australian Life Tables 2010-12.

- Net discount rate of 1.64% which is based on:

Expected gross investment rate earnings	2.87%
Expected fund expenses rate	1.01%
Taxation rate 7.2%	0.12%
Future compound bonuses of	0.10%

Policy liabilities	$52,998,391
Future discretionary bonuses	$1,680,392
Maturity Bonus	$41,429
Retained surplus	$10,000,000
TOTAL	$64,720,212

NOTE 2: OTHER EXPENSES

	2016 $	2015 $
Actuary & Valuation Fees	14,000	12,889
Bank fees & taxes	3,089	3,378
Stamp Duty	1,653	1,619
Legal Fees	-	1,705
	18,742	19,591

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:

	2016	2015
	$	$
Operating Surplus before tax	(4,950,116)	(6,251,878)
Prima facie tax on operating profit at 30%	(1,485,035)	(1,875,563)
Add tax effect of permanent differences (exempt income)	1,269,854	1,801,393
Assessable Income	202,130	202,919
Income tax attributable to operating surplus	(13,051)	128,749

NOTE 4: CHANGES IN NET MARKET VALUE

SECURITIES HELD AT REPORTING DATE:		
State Government Treasury Bonds	9,507,159	5,710,526
Other public securities	396,809	(474,258)
Net Gain on sale of goods	-	1,335,619
	9,903,968	6,571,887

NOTE 5: OTHER INCOME

Miscellaneous income	186	11,033
	186	11,033

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly)		
(Effective interest rate of 1.05% (2015 1.5%)	17,099	176,256

NOTE 7: TRADE AND OTHER RECEIVABLES

Sundry Debtors	60	-
Accrued Income	58,950	57,357
	59,010	57,357

NOTE 8: FINANCIAL ASSETS

	2016 $	2015 $
Units in Managed Investment	4,282,658	4,380,972
Term Deposits	1,700,000	1,700,000
Effective interest rate 5.96% (2015 5.96%)		
Other Managed Public Securities at fair value	6,372,154	5,877,031
State Government Treasury Bonds - held to maturity	52,647,042	43,139,883
	65,001,854	55,097,886
MATURITY ANALYSIS		
Not longer than 3 months	5,982,658	4,380,972
Longer than 1 year but less than 4 years	-	1,700,000
Other Managed Public Securities greater than 4 years but less than 10 years	6,372,154	5,877,031
CPI Bonds maturity November 2035	8,850,561	8,089,041
Maturity October 2035 Face Value $75.3 million	43,796,481	35,050,842
	65,001,854	55,097,886
Disclosure based on the 3 level Fair Value hierarchy		
Financial Assets at fair value through profit and loss		
Level 1	21,205,373	20,047,044
Level 2	43,796,481	35,050,842
	65,001,854	55,097,886

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

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

NOTE 9: TRADE AND OTHER PAYABLES

Sundry creditors	357,751	259,181

NOTE 10: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	2016	2015
	$	$
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	40,135,253	27,675,848
Revaluation of liabilities by actuarial review	14,584,959	12,459,405
Allocation of surplus during the year	-	-
Balance/ liability at the end of the period	54,720,212	40,135,253

NOTE 11: TRANSFER TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	831,112	828,277

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.

SUREPLAN GOLD FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$	$
INVESTMENT INCOME			
Interest		2,030,399	2,008,183
Changes in net market values	4	(887,728)	412,032
TOTAL INVESTMENT INCOME		1,142,671	2,420,215
TOTAL INCOME		1,142,671	2,420,215
OPERATING EXPENSES			
Fees to management fund	10	567,850	1,060,500
Other expenses	2	24,958	21,893
TOTAL OPERATING EXPENSES		592,808	1,082,393
OPERATING PROFIT/LOSS BEFORE INCOME TAX		549,863	1,337,822
Income Tax Expense	3	214,890	115,860
OPERATING PROFIT/LOSS AFTER INCOME TAX		334,973	1,221,962
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		334,973	1,221,962
Unallocated Surplus or Deficiency at the beginning of the reporting period		494,124	94,231
Transfers to/from management fund		-	-
TOTAL AVAILABLE FOR ALLOCATION		829,097	1,316,193
Allocated to members		619,660	758,813
Provisional Allocation to members		45,351	63,256
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		164,086	494,124

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016	2015
		$	$
ASSETS			
Cash and Cash Equivalents	5	389,170	442,281
Trade and other receivables	6	84,964	96,755
Financial Assets	7	66,078,026	61,183,485
TOTAL ASSETS		66,552,160	61,722,521
LIABILITIES			
Trade and other payables	8	7,220	(7,167)
TOTAL LIABILITIES		7,220	(7,167)
NET ASSETS		66,544,940	61,729,688
MEMBER FUNDS			
Value of Policy Liabilities	9	66,380,854	61,235,564
Unallocated Surplus/Deficiency		164,086	494,124
TOTAL BENEFIT FUND MEMBERS' FUNDS		66,544,940	61,729,688

The accompanying notes form part of these financial statements.

NOTE 1 : SUMMARY OF ACCOUNTING POLICIES

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

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

AASB 1031:	Materiality
AASB 110:	Events after the Balance Sheet Date
AASB 101:	Presentation of Financial Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors

No other Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

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

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

a) Basis of Accounting

Assets and Liabilities are measured at fair value as at the reporting date. Any revaluation increment or decrement that arises as a result of the valuation of assets and liabilities is included as revenue or expense in the Statement of Comprehensive Income.

b) Interest Rate Risk

The fund is not exposed to any material risk from interest rates. Financial Assets and Liabilities disclosed in the accounts are non interest bearing except as otherwise disclosed.

c) 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 categorized 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.

d) 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 group of counterparties with the exception of funds invested with recognized financial institutions.

e) Receivables

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

f) Accounts payable

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

g) Financial Assets

Term deposits and Corporate Bonds are recorded at fair value. Realised and unrealised gains and losses are included in the income statement in the period in which they arise.

h) Income Recognition

Interest income is brought to account on an accrual basis.

i) Policy Liabilities Valuation

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

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

j) 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

	2016	2015
	$	$
Actuary Fees	5,400	3,894
Bank Fees & Taxes	3,551	3,700
Legal Fees	16,007	14,299
	24,958	21,893

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	549,863	1,337,822
Prima facie tax on operating profit at 30%	164,959	401,347
Add tax effect of Permanent differences (exempt income)	49,931	(217,121)
Previous Year Over Provision	-	(68,366)
Income tax attributable to operating surplus	214,890	115,860

NOTE 4 : CHANGES IN NET MARKET VALUE

	2016 $	2015 $
SECURITIES HELD AT REPORTING DATE		
Gov Treasury Bonds and Other Managed Public Securities	(877,474)	484,762
Net Gains/(Loss) on disposal/maturity of securities	(10,254)	(72,730)
	(887,728)	412,032

NOTE 5 : CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 1.05%)(2015 1.50%)	389,170	442,281

NOTE 6: TRADE AND OTHER RECEIVABLES

Accrued Interest	60,351	96,755
Sundry Debtors	24,613	-
	84,964	96,755

NOTE 7: FINANCIAL ASSETS

Gov Treasury Bonds and Other Managed Public Securities at fair value (weighted effective average interest rate of 2.91%)(2015 3.55%)	56,398,086	52,819,703
Term Deposits (weighted effective average interest rate of 3.02%)(2015 3.26%)	9,679,940	8,363,782
	66,078,026	61,183,485

Maturity Analysis		
Not longer than 3 months	3,632,249	5,452,697
Longer than 3 months but not longer than 6 months	11,412,681	2,561,085
Longer than 6 months but not longer than 12 months	14,904,343	350,000
Longer than 1 year but not longer than 2 years	250,000	20,838,178
Longer than 3 years but not longer than 7 years	35,878,753	31,981,525
	66,078,026	61,183,485

Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss Level 1	66,078,026	61,183,485

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

	2016	2015
	$	$
Sundry Creditors	7,997	10,331
Provision for Income Tax	(777)	(17,498)
	7,220	(7,167)

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)	60,404,252	54,015,375
Allocation of surplus as at previous reporting date	758,813	1,013,270
Allocation of Provisional Bonus previous year	63,256	89,095
Liability component of contributions	11,074,699	10,958,657
Withdrawals	(6,593,615)	(5,672,145)
Member's Tax Credits	8,438	9,243
Balance/liability at the end of the period prior to annual allocation	65,715,843	60,413,495
Proposed allocation of surplus (annual)	665,011	822,069
Balance/liability at the end of the period	66,380,854	61,235,564

NOTE 10: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	567,850	1,060,500

NOTE 11 : PRESCRIBED CAPITAL AMOUNT

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

NOTE 12: AUDITOR'S REMUNERATION

Auditors 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 2016

	Note	2016	2015
		$	$
INVESTMENT INCOME			
Interest		3,386	4,730
TOTAL INVESTMENT INCOME		3,386	4,730
Revenue Component of member contributions		21,500	24,750
TOTAL INCOME		24,886	29,480
OPERATING EXPENSES			
Fees to management fund	9	-	-
Claim Expenses		-	-
Other expenses	2	4,160	3,493
Member liability revaluation		20,726	55,975
TOTAL OPERATING EXPENSES		24,886	59,468
OPERATING PROFIT/LOSS BEFORE INCOME TAX		-	(29,988)
Income Tax Expense	3	-	-
OPERATING PROFIT/LOSS AFTER INCOME TAX		-	(29,988)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	(29,988)
Unallocated Surplus or Deficiency at the beginning of the reporting period		-	29,988
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 2016

	Note	2016 $	2015 $
ASSETS			
Cash and Cash Equivalents	4	51,156	33,008
Trade and other receivables	5	3,208	3,970
Financial Assets	6	119,140	115,000
TOTAL ASSETS		173,504	151,978
LIABILITIES			
Trade and other payables	7	4,000	3,200
TOTAL LIABILITIES		4,000	3,200
NET ASSETS		169,504	148,778
MEMBER FUNDS			
Value of Policy Liabilities	8	169,504	148,778
Unallocated Surplus/Deficiency		-	-
TOTAL BENEFIT FUND MEMBERS' FUNDS		169,504	148,778

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

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

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

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No other Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

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

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

a) Basis of Accounting

Assets and Liabilities are measured at net market values as at the reporting date. Any revaluation increment or decrement that arises as a result of the valuation of assets and liabilities is included as revenue or expense in the Statement of Comprehensive Income.

b) Interest Rate Risk

The fund is not exposed to any material risk from interest rates. Financial Assets and Liabilities disclosed in the accounts are non interest bearing except as otherwise disclosed.

c) 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.

d) 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 group of counterparties with the exception of funds invested with recognised financial institutions.

e) Receivables

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

f) Accounts payable

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

g) Financial Asset

Term deposits are recorded at fair value. Realised and unrealised gains and losses are included in the income statement in the period in which they arise.

h) Income Recognition

Interest income is brought to account on an accrual basis.

i) Policy Liabilities Valuation

Sureplan Body Transportation Funeral Fund

Liability valuations were calculated as the mean estimate assuming 1 in 20 deaths are eligible for funeral transport (occurring outside a 70km radius) and that the average cost of transport is $1,831.

The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of 15% lower than the Australian Life Tables 2010-12, in line with Family Fund mortality experience
- Net discount rate of 0.55% which is based on:
  Expected gross investment rate earnings 2.55% less transfers from surplus at up to 2% of assets
  Expected fund expenses rate: Fund expenses of $3.09 p.a. per member.
  Taxation rate (taxed on profit) 0.00%

Policy Liabilities (including fund expenses of 2% of assets) = $120,548, plus future fee expenses $48,956.
The increases from 2014/15 arise from increased membership and a lower future investment earning rate.

NOTE 2: OTHER EXPENSES

	2016 $	2015 $
Actuary Fees	4,000	3,294
Other Expenses	-	15
Stamp Duty	160	184
	4,160	3,493

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	-	(29,988)
Prima facie tax on operating profit at 30%	-	(8,996)
Add tax effect of permanent differences (exempt income)	-	8,996
Reversal of prior year's adjustment	-	-
Income tax attributable to operating surplus	-	-

NOTE 4: CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0%)(2015 0%)	51,156	33,008

NOTE 5: TRADE AND OTHER RECEIVABLES

Accrued Interest	3,208	3,970
	3,208	3,970

NOTE 6: FINANCIAL ASSETS

Term Deposits		
(weighted effective average interest rate of 2.80%)(2015 3.6%)	119,140	115,000
Maturity Analysis		
Less than 3 months	119,140	115,000
	119,140	115,000
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss		
Level 1	119,140	115,000

NOTE 7: TRADE AND OTHER PAYABLES

Trade Creditors	4,000	3,200
	4,000	3,200

NOTE 8: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	2016	2015
	$	$
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	148,778	92,803
Revaluation of Liabilities by actuarial review	20,726	55,975
Allocation of surplus during the year	-	-
Balance/liability at the end of the period	169,504	148,778

NOTE 9: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	-	-

NOTE 10: TAX ASSETS

Deferred Tax Asset	-	-

NOTE 11 :PRESCRIBED CAPITAL AMOUNT

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

NOTE 12: AUDITOR'S REMUNERATION

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

NOTES

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