sureplan
FRIENDLY SOCIETY LTD

ANNUAL REPORT 2019 20

For the year 30 June 2020, for presentation and adoption at the 85th Annual General Meeting to be held on Thursday, 5th November 2020 at 10.00am at the United Service Club, 183 Wickham Terrace, Brisbane.

ABN: 70 087 649 456

sureplan

2019 ANNUAL REPORT

CORE BUSINESS

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

VISION

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

PURPOSE

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

VALUES

Sureplan is committed to:

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

CONTENTS

Directors' Report
for the year ended 30 June 2020

The Directors of Sureplan Friendly Society Ltd (Sureplan) present the report on the Consolidated Entity for the financial year ended 30th June 2020.

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.

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

Geoffrey Woodcroft B.Bus., GradCert L & C, M.Leadership, GAICD
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Management Consultant, Geoff Woodcroft Consulting
  - Member of Audit, Due Diligence and Remuneration Committees
- Directors' Meetings attended: 10 of 11
- Fund Membership: Sureplan Family Fund

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: 10 of 11
- Fund Membership: Sureplan Gold

Russell Cole B.Com, FCA
Independent Non-Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Director & Chair of Audit and Risk Committee, PTB Group Ltd
  - Director Lansdowne Corporate Services
  - Member of Risk, Audit and Investment Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund

DIRECTOR / SECRETARY

Mary-Ann Cook B.Bus., GAICD
Non Independent Executive Director
- Qualifications, Experience & Special Responsibilities:
  - Managing Director, Sureplan Friendly Society Ltd,
  - Member of Due Diligence and Investment Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund

Number of Directors' meetings held during the year - 11

NUMBER OF COMMITTEE MEETINGS HELD DURING THE YEAR AS FOLLOWS:

Committee Details	No of meetings held	Committee Members	No of meetings attended
Audit (Chairman & 2 Directors)	3	Geoff Woodcroft Bill Wendt (Chair) Russell Cole	3 3 3
Risk (Chairman & 2 Directors)	5	Jim Walsh Bill Wendt Russell Cole (Chair)	5 5 5
Due Diligence (Chairman, Director & Managing Director)	-	Geoff Woodcroft Jim Walsh (Chair) Mary-Ann Cook	- - -
Investment (Chairman, Director & Managing Director)	4	Russell Cole Jim Walsh (Chair) Mary-Ann Cook	4 4 4
Remuneration (Chairman & 2 Directors)	2	Jim Walsh Geoff Woodcroft (Chair) Bill Wendt	2 2 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 (MD). Responsibilities are delineated by formal authority delegations.

Board Processes

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

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

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

Director Education

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

Independent professional advice and access to company information

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

Composition of the Board

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

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

An independent director is a director who is not a member of management (a non-executive director) and who has not within the last three years been employed in an executive capacity by the Economic Entity. Directors may be considered as independent if they are free from any business or other association that could materially interfere with their independent judgment. 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 Sureplan are liable to contribute if the company is wound up is $60,644 based on 30,322 current members.

AUSTRALIAN FINANCIAL SERVICES LICENCE

Sureplan holds Australian Financial Services Licence No: 245522.

OBJECTIVES

Short and Long-Term Objectives

- To provide quality funeral funding products to current and new members and to continue to develop 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 the Australian Prudential Regulation Authority's (APRA) Prudential Standards and maintain their confidence in our ability to satisfy these Standards going forward;
- To always comply with all the requirements of the Corporations Act and with all conditions under its licence including all financial and reporting requirements.
- To ensure Sureplan's investment strategies are sound, ethical and accord with risk tolerance levels set by the Board as expressed in Sureplan's Risk Appetite Statement;
- To attract, retain and develop quality staff;
- To maintain effective and efficient business systems while operating in a low interest rate environment that has resulted in reduced cash flow into the Management Fund; and
- To ensure that Sureplan 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 Sureplan during the year were as follows:

The management and administration of:

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

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

Likely future developments and expected results

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

- To maintain current growth rates in membership for Sureplan Gold and Sureplan Body Transportation Funeral Fund;
- To manage Sureplan Family Fund; and
- To achieve better than a breakeven financial result at 30/6/2021.

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

Measurement of Performance

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

Risk Management

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

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

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

(a) an established risk appetite;

(b) a risk management strategy;

(c) a business plan;

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

(e) a designated risk management function;

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

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

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

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

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

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

(a) credit risk;

(b) market and investment risk;

(c) liquidity risk;

(d) insurance risk;

(e) operational risk;

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

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

ICAAP

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

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

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

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

Sureplan's Board is responsible for ensuring an appropriate level and quality of capital is maintained, given the risks arising from the activities of Sureplan. There were no breaches of Sureplan's ICAAP in 2019/2020.

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

The CRO has a direct reporting line to the Managing Director and has regular and unfettered access to the Board and the Risk Committee. The CRO is involved in Sureplan's strategy and business plan/budget formation and approval process. The CRO also provides input to the Appointed Actuary relevant to the Financial Condition Report, will provide advice on new product development, links to internal and external audits and provides specific risk and governance training to Sureplan's management and Board.

Risk Management developments 2019/2020

In 2019/2020 the risk management framework was further strengthened with the development and incorporation of:

- An Information Security Framework: The objective of this framework is to maintain an information system capability commensurate with Sureplan's size and extent of threats to its information assets, and which enables its continued sound operation; and
- A Recovery Plan: The objective of this Recovery Plan is to set out the steps that Sureplan would implement to ensure recovery from scenarios where the institution is at risk of failure. It comprises a menu of recovery options designed by Sureplan to survive a stress (crisis) situation and restore itself to a sound condition.

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

Net profit for year

The 2019/2020, Operating Profit or Loss of the economic entity after income tax, amounted to a profit of $193,405. In 2018/2019, it was a profit of $79,167.

All prudential reserving requirements in all the funds were met during the year. Sureplan Gold paid a pre-tax bonus at a rate of 1%, which is lower than the rate paid in 2018/2019 (2%) but is a reasonable return in a historically low interest rate environment.

General

Sureplan 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. This situation has been exacerbated in 2019/2020 by the COVID-19 global pandemic. COVID-19 drove yields in the fixed-interest market to an all time low and predictions are that interest rates will still continue to fall in 2020/2021.

This low-income environment impacts broadly on Sureplan in areas such as income, recruitment, members' surplus distribution and Prudential Reserving requirements. The depressed income environment, overlaid with the pandemic driven recession, is now seen as the norm and forecasts suggest that investment rate recovery may be a decade away. Sureplan has had to make strategic decisions to mitigate long-term, low interest rate risks.

The major operational focus 2019/2020 has continued to be the improved marketing of Sureplan Gold, resulting in an overall expansion of the membership data base and funeral director agency network. However, these distribution channels were threatened by the recommendation made by the Royal Commission to remove the exemption in the *Corporations Act 2001* for funeral expenses policies.

This exemption, (under Regulation 7.1.07D) exempted a funeral expenses policy from the definition of a financial product under the Corporations Act. Subsequently, Treasury Laws Amendment (Financial Services Improved Consumer Protection) (Funeral Expenses Facilities) Regulations 2019, were passed on 28/11/2019 and comes into effect for existing licence holders on 1/1/2021. All Sureplan's funeral funds will then be designated as financial products and will be fully subject to Chapter 7 of the Corporations Act. However, the new regulation ensures that Funeral Directors can continue to sell friendly society funeral products without holding an Australian Financial Services Licence or being an authorised representative of a licence holder. This obviously removes the risk of Funeral directors choosing not to sell Sureplan's products due to the increased cost of compliance. The risk of heightened regulatory focus on distribution methods has been materially mitigated by amendments to the Corporations Act and is not likely to have a significant impact on Sureplan in the short or medium term.

SUREPLAN FAMILY FUND

Sureplan Family Fund (the Fund) is an insurance product that provides a benefit on death that has to be applied to the funeral cost of the member. It is not an accumulation product. Members on joining the Fund select the level of cover that they require and the premiums charged for that cover are based on the age of the member when joining and the level of cover selected. The premiums do not increase over the life of the policy. After members have turned 60 and are fully paid, they pay no more premiums and their cover remains for life. The rate of return that those premiums earn therefore has to be sufficient to grow, over the expected life of the policy, the total of premiums paid to at least equal the benefit promised. In this now entrenched economic cycle of low interest rates, premiums paid for new policies cannot earn an adequate rate of return. The Board, following advice from the Approved Actuary, took the difficult decision to limit recruitment in 2019/2020 and to suspend all recruitment of new members and the issuing of additional benefits in this Fund in 2020/2021. This decision will be under constant review.

There is no risk to existing members as the Fund is well capitalised and continues to meet all prudential capital requirements. The long-standing practice of retaining surpluses to ensure that the fund meets all APRA reserving requirements has been vital during this continuing cycle of market volatility and lowering interest rates. However, the maturity bonus, established in recognition of a member's interest in the accruing surplus, was paid in 2019/2020 and will continue in 2020/2021 at the same rate as 2019/2020. This bonus is included in the calculation of members' benefits paid during the year.

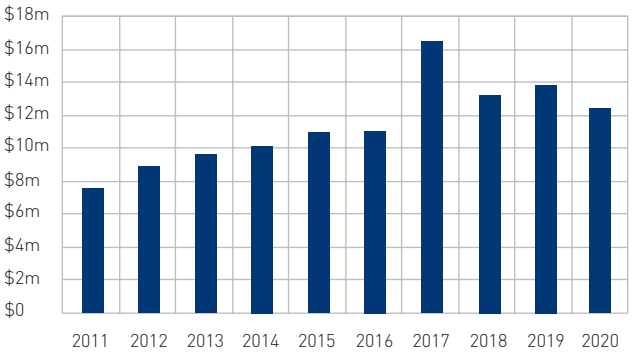
Following APRA's approval of the rule change adopted by the members at the 2012/2013 Annual General Meeting, a reserve of $10 million is carried as mitigation against regulatory risk. However, the continuing decline in the cash rate may result in this reserve being utilised to meet prudential reserving requirements.

Sureplan Family Fund had 14,885 current members at 30/6/2020 (2019: 15,126). The fund paid one policy in 2019/2020 to unclaimed moneys. This is a timely reminder to members to keep their contact details current.

SUREPLAN GOLD

In 2019/2020 Sureplan continued the successful strategy of positioning itself as a conservative and reliable funeral fund specialist that provides prompt and accurate service to members and channel partners. The preservation of members' funds is Gold's key objective and bonus rates will be both predictable and low in volatility by nature. However, they will reflect the low yields returned by investment in low risk assets

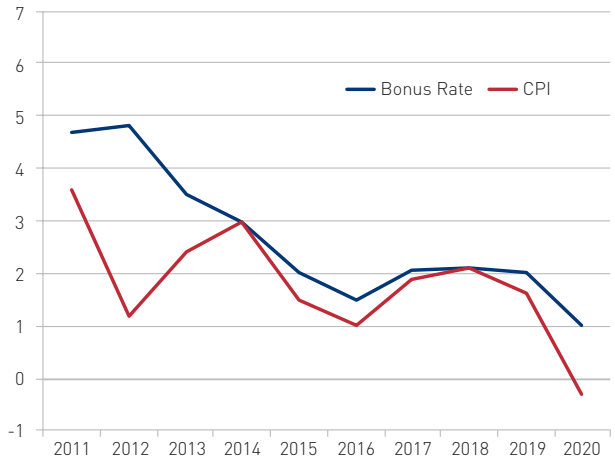
Social distancing requirements imposed to limit the spread of COVID-19 impacted on recruitment numbers in 2019/2020, with recruitment numbers being about 14% below budget. The average value of a bond at 30/6/2020 is $7,388 (2019: $6,064). As in previous years, the ongoing growth and maintenance of the funeral director network is still a major focus and will not be materially impacted by changes to the Corporations Act



SUREPLAN GOLD ANNUAL CONTRIBUTIONS $

The rate of bonus distribution for the year ending 30 June 2020 was 1% which is reflective of another difficult financial year of declining cash rates. The bonus rate is indicative of the low risk investment strategy of this fund and the continuing low interest rate environment. Management fees were kept to below 1.1% in 2019/2020 to combat these influences and will be reduced to 1% in 2020/2021.

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 RATE

Surplus of $1,369,176 (2019: $1,635,670) was retained 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. A significant portion of the 2019/2020 surplus is attributable to unrealised short-term market movements and is therefore not distributable.

This fund had 15,437 current members at 30/6/2020 (2019: 15,101)

At the beginning of 2016/2017, all funds were 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. However, due to the downgrade of Australian ADI's by S&P during that year, some of the investments are now rated as BBB. The Board has approved the continuation of these investments.

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

This fund has progressed steadily during the year. There was one claim made in 2019/2020. This fund had 1,455 current members at 30/6/2020 (2019: 1,432).

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

On 4/9/2020 the existing Treasury Corporation Victoria, zero coupon bond, maturity 7/10/2035, held in Sureplan Family Fund, valued at 30/6/2020 at $54,980,582, was sold and the majority of the proceeds were invested in the purchase of $25 million NSW Treasury Corp bond, maturity 24/8/2050 and $25 million Treasury Corp Victoria bond, maturity 18/8/2050. The portfolio restructure benefits the Fund by providing higher yields, longer duration to give better protection against a fall in interest rates and better liquidity.

Signed in accordance with a resolution of the Directors

Director

Dated: 24th September 2020
Place: Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

Declaration of Independence

DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF SUREPLAN FRIENDLY SOCIETY LTD

As lead auditor of Sureplan Friendly Society Ltd for the year ended 30 June 2020, 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 year.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 24 September 2020

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

		Economic Entity		Parent Entity	
		2020	2019	2020	2019
	Note	$	$	$	$
Revenues	2	5,483,342	18,045,559	1,953,705	1,837,244
Expenses	3	(5,289,937)	(17,966,392)	(1,760,300)	(1,758,077)
Profit before income tax		193,405	79,167	193,405	79,167
Income tax expense	4	-	-	-	-
Net profit after income tax		193,405	79,167	193,405	79,167
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		193,405	79,167	193,405	79,167

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2020

	Note	Economic Entity		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	4,870,744	1,077,832	561,175	312,949
Trade and other receivables	6	31,241	222,982	1,359,651	1,027,210
Financial assets at fair value through profit and loss	7	109,327,360	110,081,111	1,140,442	1,380,701
Other current assets		4,150	1,744	4,150	1,744
Current tax assets	4	-	72,145	-	68,941
Right of Use Asset		160,587	-	160,587	-
TOTAL CURRENT ASSETS		114,394,082	111,455,814	3,226,005	2,791,545
NON-CURRENT ASSETS					
Financial assets at fair value through profit and loss	9	62,474,451	59,609,984	-	-
Property, plant and equipment	10	5,686	10,483	5,686	10,483
Intangible assets	11	54,181	89,798	54,181	89,798
Deferred tax assets	12	5,493	6,175	5,493	6,175
TOTAL NON-CURRENT ASSETS		62,539,811	59,716,440	65,360	106,456
TOTAL ASSETS		176,933,893	171,172,254	3,291,365	2,898,001
CURRENT LIABILITIES					
Trade and other payables	13	224,784	217,770	170,514	194,500
Provisions	14	658,237	600,873	658,237	600,874
Current tax liabilities	4	135,260	260,927	-	-
Lease Liability	8	65,357	-	65,357	-
Policy liabilities	27	10,317,264	10,430,520	-	-
TOTAL CURRENT LIABILITIES		11,400,902	11,510,090	894,108	795,374
NON-CURRENT LIABILITIES					
Lease Liability	8	101,225	-	101,225	-
Policy liabilities	27	153,135,734	147,559,537	-	-
TOTAL NON-CURRENT LIABILITIES		153,236,959	147,559,537	101,225	-
TOTAL LIABILITIES		164,637,861	159,069,627	995,333	795,374
NET ASSETS		12,296,032	12,102,627	2,296,032	2,102,627
EQUITY					
Retained earnings		2,296,032	2,102,627	2,296,032	2,102,627
Reserves	27	10,000,000	10,000,000	-	-
TOTAL EQUITY		12,296,032	12,102,627	2,296,032	2,102,627

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2020

	Reserves	Retained Earnings	TOTAL
	$	$	$
ECONOMIC ENTITY			
Balance at 1 July 2018	10,000,000	2,023,460	12,023,460
Total comprehensive income for the year			
-Profit for the year	-	79,167	79,167
-Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	79,167	79,167
Balance at 30 June 2019	10,000,000	2,102,627	12,102,627
Total comprehensive income for the year			
- Profit for the year	-	193,405	193,405
- Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	193,405	193,405
Balance at 30 June 2020	10,000,000	2,296,032	12,296,032
PARENT ENTITY			
Balance at 1 July 2018	-	2,023,460	2,023,460
Total comprehensive income for the year			
-Profit for the year	-	79,167	79,167
-Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	79,167	79,167
Balance at 30 June 2019	-	2,102,627	2,102,627
Total comprehensive income for the year			
-Profit for the year	-	193,405	193,405
-Other Comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	193,405	193,405
Balance at 30 June 2020	-	2,296,032	2,296,032

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2020

	Note	Economic Entity		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Members contributions received		13,259,160	14,682,018	-	-
Members claims & withdrawals		(10,523,361)	(8,660,048)	-	-
Receipts from customers		170	221	1,537,986	1,474,791
Other Income		50,000	-	50,000	-
Payments to suppliers and employees		(1,637,536)	(1,612,904)	(1,537,435)	(1,557,564)
Interest received		3,718,571	3,212,665	35,128	49,832
Interest paid on lease liability		(7,993)	-	(7,993)	-
Income tax paid		(123,416)	29,124	-	761
Net investment income		(554,450)	266,726	-	-
Net cash provided by (used in) operating activities	20(a)	4,181,145	7,917,802	77,686	(32,180)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(275)	(672)	(275)	(672)
Purchase of intangibles		(7,823)	(11,375)	(7,823)	(11,375)
Purchase of Investments		(319,681)	(7,661,793)	239,092	301,137
Net cash provided by (used in) investing activities		(327,779)	(7,673,840)	230,994	289,090
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal portion of Lease Liability paid	20(b)	(60,454)	-	(60,454)	-
Net cash used in financing activities		(60,454)	-	(60,454)	-
Net increase/(decrease) in cash held		3,792,912	243,962	248,226	256,910
Cash at beginning of year		1,077,832	833,870	312,949	56,039
Cash at end of year	5	4,870,744	1,077,832	561,175	312,949

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The financial report was authorised for issue on 24th September 2020 by the directors of Sureplan Friendly Society Ltd.

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Sureplan Friendly Society Ltd and all of the subsidiaries and benefit funds. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries and benefit funds are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities and benefit funds are fully eliminated on consolidation. Accounting policies of subsidiaries and benefit funds are consistent with the Group. The Group has no non-controlling interests.

b. Income Tax

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

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

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

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

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

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

c. Property, Plant and Equipment

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

Depreciation

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

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

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

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

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

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

d. Financial Instruments

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

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

Measurement categories

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

- Amortised cost or
- FVPL

Amortised Cost

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

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

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

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

Business model assessment

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

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

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

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

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

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

The SPPI test

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

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

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

Financial assets measured at fair value through profit or loss

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

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

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

Reclassification of financial assets and liabilities

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

Derecognition

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

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

Or

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

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

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

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

Impairment of financial assets

Disclosures relating to impairment of financial assets are as follows:

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

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

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

Expected Credit Loss

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

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

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

- GDP growth
- Central Bank base rates

Financial liabilities

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

Derivative instruments

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

Fair Values

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the 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 Economic Entity uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

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

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

e. Impairment of Non-Financial Assets

At the end of each reporting period the Society assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit and loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

f. Employee Benefits

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

g. Provisions

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

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

h. Cash and Cash Equivalents

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

i. Revenue

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

Management fees

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

Interest income

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

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

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

j. Goods and Services Tax (GST)

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

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

k. Comparative Figures

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

l. New or amended standards adopted during the year

A number of new or amended standards became applicable for the current reporting period and the Economic Entity had to change its accounting policies as a result of adopting the standards. The most relevant to Economic Entity follows:

- AASB 16 *Leases*
- Interpretation 23 *Uncertainty over Income Tax Treatment*

AASB 16 Leases

This standard and its consequential amendments were applied from 1 July 2019, replacing the accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This mean that for most leases, a right-of-use asset and a lease liability will be recognised, with the right-of-use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

The Economic Entity transitioned to AASB 16 using the modified retrospective approach, where the right-of-use asset is recognised at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments relating to the lease recognised in the Statement of Financial Position immediately before the date of initial application, using Economic Entity's incremental borrowing rate at the date of initial application. Comparative figures have not been restated.

The Economic Entity elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 July 2019. Instead, the Economic Entity applied the standard only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application. The Economic Entity also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

At 1 July 2019, the Economic Entity recorded a lease liability and right-of-use asset amounting to $227,036 using a weighted incremental borrowing rate of 4%. There was no impact on retained earnings upon adoption of AASB 16.

Reconciliation of operating lease commitments disclosed as at 30 June 2019 to initial measurement of lease liability at 1 July 2019

	$
Operating lease commitments disclosed as at 30 June 2019	243,599
Add: Exercise of extension option	-
Less: Short-term leases	-
Less: Low-value leases	-
Less: Impact of discounting using Economic Entity's incremental borrowing rate at 1 July 2019	(16,563)
Lease liability as at 1 July 2019	227,036

AASB Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

Upon adoption of the Interpretation, the Economic Entity considered whether it has any uncertain tax positions. The Economic Entity determined, based on its tax compliance, it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements.

Australian Accounting Standards Issued But Not Yet Effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2020. They have not been adopted in preparing the financial statements for the year ended 30 June 2020 and the Economic Entity intends to apply these standards from application date as indicated in the table below.

	Application date
Amendments to AASB 3 - Definition of a Business • Clarifies the definition of a 'business' in AASB 3 Business Combinations to assist in determining whether a transaction should be accounted for as a business combination or as an asset acquisition.	1 January 2020
Amendments to AASB 101 and AASB 108 - Definition of Material • AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors include a definition of 'materiality' which must be applied when judging whether information should be included, or amounts adjusted, in the financial statements. • Consequential amendments have also been made to ensure that the definition of 'material' is consistent across all IFRS Standards, as well as the Revised Conceptual Framework (2018) and IFRS Practice Statement 2 Making Materiality Judgements.	1 January 2020

	Application date
Amendments to AASB 7, AASB 9 and AASB 139 - Interest Rate Benchmark Reform • These amendments were issued by the Australian Accounting Standards Board in October 2019 and modify some of the hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform. • The amendments also require disclosure of additional information about hedging relationships that are directly affected by the uncertainties caused by interest rate benchmark reform.	1 January 2020
Amendments to AASB 1054 - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia • Added a new paragraph 17 to AASB 1054 Australian Additional Disclosures which clarifies that, in complying with paragraph 30 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, entities intending to assert compliance with IFRS must also disclose the potential effect of IFRS standards that are yet to be issued by the AASB.	1 January 2020
Amendments to AASB 101- Classification of Liabilities as Current or Non-current There are four main changes to the classification requirements: 1. The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights; 2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date; 3. Classification is based on the right to defer settlement, and not intention (paragraph 73); and 4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under AASB 132.	1 January 2022
AASB 2020-4 (Issued June 2020) - Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions • Introduces a practical expedient that permits lessees not to assess whether a rent concession that occurs as a direct consequence of the COVID-19 pandemic is a lease modification, provided all of the following criteria are met: • Change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately prior to the change • Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a concession would meet this condition if it resulted in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021), and • There is no substantive change to other terms and conditions of the lease. • In such cases, the concessions are accounted for as if they were not a lease modification.	Annual reporting periods beginning on or after 1 June 2020

m. Intangible Assets

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

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

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

Amortisation

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

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

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

n. Policy Liabilities Valuation - assumptions used

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

1) Sureplan Family Fund

Mortality probabilities of Australian Life tables 2015-17 less 10% as compared with Australian Life Tables 2010-12 less 25% the previous year.

Net discount rate of 1.35% which is based on:

Expected gross investment rate earnings.....2.32%
Expected fund expenses rate.....0.80%
Taxation rate 7.8%.....0.17%
Future compound bonuses of.....0.30%

Policy liabilities.....$61,337,358
Future discretionary bonuses.....$4,920,434
Maturity Bonus.....$67,394
Retained surplus.....$10,000,000
TOTAL $76,325,186

2) Sureplan Body Transportation Funeral Fund

Liability valuations were calculated as the mean estimate assuming 1 in 20 deaths are eligible for funeral transport (occurring outside a 70km radius) and that the average cost of transport is $600 (previously $1,831), increasing with inflation at 2% p.a. The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of Australian Life tables 2015-17 less 10% as compared with Australian Life Tables 2010-12 less 25% the previous year in line with Family Fund mortality experience.
- Net discount rate of -0.86% which is based on:
  - Expected gross investment rate earnings 1.14% less transfers from surplus at up to 2% of assets.
  - Expected fund expenses rate: Fund expenses of $5 (previously $4.03) p.a. per member
  - Taxation rate (taxed on profit) 0.00%
- Policy Liabilities $49,787, fund expenses of 2% of assets $50,016, plus future fee expenses $131,638.
- Reduced policy liabilities arise from reduced claim costs as experienced over the last five years.

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

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

p. Leases

Policy applicable before 1 July 2019

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.

Policy applicable from 1 July 2019

Lease liabilities

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

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

Right-of-use assets

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

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

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

q. Capital Adequacy Position

Following are the capital requirements for the Society at 30 June 2020 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	76,325,186	66,325,186	10,000,000	-	-
Sureplan Gold Fund	96,848,978	96,848,978	-	-	-
Sureplan Body Transportation Funeral Fund	278,834	278,834	-	-	-
Sureplan Management Fund	2,296,032	-	2,296,032	-	994,490
	175,749,030	163,452,998	12,296,032	-	994,490
Regulatory adjustments			-		
Common Equity Tier 1 Capital			12,296,032		
Tier 2 Capital			-		
Total Capital Base of Society			12,296,032		
PCA (Prescibed Capital Amount)			994,490		
Multiple			12.36		

NOTE 2: REVENUE

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Operating revenue				
- Revenue from Benefit Funds	-	-	1,869,531	1,761,517
	-	-	1,869,531	1,761,517
Net Investment income				
- Interest received	3,529,316	3,156,804	35,340	48,506
- Fair value movement of financial assets at fair value through the profit and loss	1,791,036	13,851,539	3,290	27,221
- Net Gain on sale/maturity of Bonds	(556,936)	263,990	(4,456)	-
Revenue Component of member contributions	669,756	773,005	-	-
Other Income	170	221	-	-
Cash Flow Boost	50,000	-	50,000	-
Total Income	5,483,342	18,045,559	1,953,705	1,837,244

NOTE 3: EXPENSES

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Claims Expense	922,029	690,824	-	-
Member Liability Revaluation	1,830,076	12,457,384	-	-
Depreciation of plant and equipment	5,072	7,586	5,072	7,586
Amortisation of computer software	43,440	59,452	43,440	59,452
Amortisation of Right of Use asset	66,449	-	66,449	-
Net expense resulting in movements in provision for employee entitlements	21,935	26,264	21,935	26,264
Superannuation contributions expense	62,463	61,311	62,463	61,311
Employment Expenses	690,149	701,320	690,149	701,320
Accommodation Expenses	-	66,132	-	66,132
Interest Expense Lease	7,993	-	7,993	-
Marketing Expenses	379,818	385,223	379,818	385,223
Administration Expenses	545,142	515,634	482,981	450,789
Transfer to Policy Liability	715,371	2,995,262	-	-
	5,289,937	17,966,392	1,760,300	1,758,077

NOTE 4: INCOME TAX

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Income tax expense				
Income tax expense/(benefit) comprises:				
Current tax expense/(benefit)	-	-	-	-
Deferred tax expense	-	-	-	-
	-	-	-	-
Numerical reconciliation of income tax expense to prima facie tax payable.				
Profit before income tax	193,405	79,167	193,405	79,167
Prima facie tax expense on operating profit at 30% (2019:30%)	58,021	23,750	58,021	23,750
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Management Fees	(560,859)	(528,456)	(560,859)	(528,456)
Non-Deductible Management Fund expenses	20,620	26,256	20,620	26,256
Imputation Credits	(749)	(898)	(749)	(898)
Taxable Trust Distributions	5,116	3,605	5,116	3,605
Timing differences	(64)	398	(64)	398
Non-Taxable movement Investments	(15,987)	(8,166)	(15,987)	(8,166)
Tax loss	493,902	414,570	493,902	414,570
Utilisation Society tax losses	-	68,941	-	68,941
Income tax expense	-	-	-	-
Tax Assets				
Current tax asset	-	72,145	-	68,941
Tax liabilities				
Provision for Income Tax	135,260	260,927	-	-

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Cash at bank (at call interest paid monthly)	4,870,544	1,077,632	560,975	312,749
Petty Cash	200	200	200	200
	4,870,744	1,077,832	561,175	312,949

NOTE 6: TRADE AND OTHER RECEIVABLES

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Sundry Debtors	-	-	1,351,192	1,016,532
Accrued Interest	26,230	215,485	3,395	3,181
Other receivables	5,011	7,497	5,064	7,497
	31,241	222,982	1,359,651	1,027,210

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

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

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Managed Public Securities at fair value	105,511,292	96,959,821	547,818	1,048,985
Term Deposits (30 days to less than 1 year's duration)	3,776,157	13,068,726	592,624	331,716
Cash Enhanced Funds at fair value.	39,911	52,564	-	-
	109,327,360	110,081,111	1,140,442	1,380,701

NOTE 8: LEASES

Economic Entity as a lessee

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

Rights-of-use-assets

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

	Note	2020	2019
	$	$	$
As at 1 July 2019	1 (l)	227,036	-
Amortisation	3	(66,449)	-
As at June 2020		160,587	-

Lease Liabilities

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

	Note	2020	2019
	$	$	$
As at 1 July 2019	1 (l)	227,036	-
Interest Expense	3	7,993	-
Lease Payments		(68,447)	-
As at 30 June 2020		166,582	-

The maturity analysis of lease liabilities is disclosed in Note 26

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	2020	2019
	$	$
Amortisation charge of right-to-use asset	66,450	-
Interest Expense (included in finance cost)	7,993	-

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

NOTE 9: LONG TERM FINANCIAL ASSETS

	Economic Entity		Parent Entity	
FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	2020	2019	2020	2019
	$	$	$	$
Managed Public Securities at fair value	7,493,869	7,212,309	-	-
State Government Treasury Bonds at fair value	54,980,582	52,397,675	-	-
	62,474,451	59,609,984	-	-

NOTE 10: PROPERTY, PLANT & EQUIPMENT

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Plant & equipment at cost	139,148	138,873	139,148	138,873
Accumulated depreciation	(133,462)	(128,390)	(133,462)	(128,390)
Net carrying value	5,686	10,483	5,686	10,483
Movements in plant & equipment				
Opening balance	10,483	17,397	10,483	17,397
Additions	275	672	275	672
Depreciation	(5,072)	(7,586)	(5,072)	(7,586)
Closing Balance	5,686	10,483	5,686	10,483

NOTE 11: INTANGIBLES

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Computer Software	617,800	609,976	617,800	609,976
Accumulated amortisation	(563,619)	(520,178)	(563,619)	(520,178)
Net carrying value	54,181	89,798	54,181	89,798
Movements in Software				
Opening balance	89,798	137,875	89,798	137,875
Additions	7,823	11,375	7,823	11,375
Amortisation	(43,440)	(59,452)	(43,440)	(59,452)
Closing Balance	54,181	89,798	54,181	89,798

NOTE 12: DEFERRED TAX ASSETS

Deferred tax assets comprise temporary differences attributable to:	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Sureplan Gold Members Tax Credits	5,493	6,175	5,493	6,175
	5,493	6,175	5,493	6,175
Sureplan Gold Members Tax Credits				
Opening Balance	6,175	6,717	6,175	6,717
Maturities	(682)	(542)	(682)	(542)
Closing Balance	5,493	6,175	5,493	6,175
Total movements	(682)	(542)	(682)	(542)

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	
	2020	2019	2020	2019
	$	$	$	$
Trade account payables	10,265	37,528	9,410	34,021
Sundry creditors and accruals	140,658	110,628	87,243	90,865
Accrued employee benefits	73,861	69,614	73,861	69,614
	224,784	217,770	170,514	194,500

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: PROVISIONS

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Provision for employees Long Service Leave	219,561	201,872	219,561	201,872
Provision for Directors' Retirement Benefit	438,676	399,001	438,676	399,001
	658,237	600,873	658,237	600,873

Movements in Provision for Directors' Retirement Benefit				
Opening balance	399,001	333,966	399,001	333,966
Withdrawals	-	-	-	-
Additions	39,675	65,035	39,675	65,035
Closing Balance	438,676	399,001	438,676	399,001

NOTE 15: AUDITOR'S REMUNERATION

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

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Audit services				
- Auditing of the financial report	31,570	33,590	31,570	33,590
Other services				
- Other statutory assurance – Prudential and regulatory returns	14,500	14,000	14,500	14,000
- taxation services	20,000	22,000	20,000	22,000
	66,070	67,590	66,070	67,590

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Short-term benefits			Post employment benefit	
	Salary & Fees	Bonus	Other	Long-term Benefits Superannuation	Total
2020 Total Compensation	562,008	-	-	53,273	615,281
2019 Total Compensation	521,979	-	-	51,823	573,802

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

NOTE 17: RELATED PARTY INFORMATION

a. Directors

Directors in office during the financial year were:

- James Walsh (Chairman)
- Geoffrey Woodcroft
- Mary-Ann Cook (Executive Director)
- Bill Wendt
- Russell Cole

b. Transactions with directors

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

c. Controlled entities

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

NOTE 18: CONTINGENT LIABILITIES

The Society has a loan facility of $300,000 (2019: $300,000) in place with the Commonwealth Bank as required under an agreement for access to the bank's PDC (Direct debit) system. This facility has not been used.

NOTE 19: 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 20: CASH FLOW INFORMATION

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

	Economic Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Profit before income tax	193,405	79,167	193,405	79,167
Adjustments for:				
- Depreciation and amortisation	48,512	67,038	48,512	67,038
- Right-of-use asset amortisation	66,449	-	66,449	-
Change in operating assets and liabilities:				
- Increase/(decrease) in receivables	191,741	58,596	(331,758)	(285,399)
- Increase/(decrease) in other current assets	(2,406)	5,067	(2,406)	5,067
- (Increase)/decrease in accounts payable	2,768	46,614	(28,234)	37,108
- (Increase)/decrease in employee entitlements	61,610	91,299	61,610	91,299
- Transfers to tax provisions	(52,839)	287,389	68,941	761
- Revaluation of Investments	(1,791,036)	(13,851,538)	1,167	(27,221)
- Movement in Member Liability	5,462,941	21,134,170	-	-
Net cash from operating activities	4,181,145	7,917,802	77,686	(32,180)

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

Year ended 30 June 2020	Net debt opening balance	Cashflows Repayments	Non-Cash Changes		
			Lease adjustments	Accretion interest	Net debt closing balance
			Note 1 (l)		
Lease Liabilities	-	(60,454)	227,036	-	166,582

NOTE 21: EVENTS AFTER THE BALANCE SHEET DATE

On 4/9/2020 the existing Treasury Corporation Victoria, zero coupon bond, maturity 7/10/2035 held in Sureplan Family Fund valued at 30/6/2020 at $54,980,582 was sold and the majority of the proceeds invested in the purchase of $25 million NSW Treasury Corp, maturity 24/8/2050 and $25 million Treasury Corp Victoria maturity 18/8/2050. The portfolio restructure benefits the Fund by providing higher yields, longer duration to give better protection against a fall in interest rates and better liquidity.

NOTE 22: 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 23: FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

Credit Risk

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

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

Liquidity Risk

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

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

Market Risk

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

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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONT.)

Interest Rate Risk

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

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

Current interest rate exposure is as follows:

- Fixed Interest Rate $161.433 million (2019: $148,498 million)
- Floating Interest Rate $4.5 million (2019: $50,152 million)

Interest Rate Risk Sensitivity Analysis

At 30 June 2020, 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	
	2020	2019	2020	2019
CHANGE IN PROFIT	$	$	$	$
Increase in interest rate by 1%	131,689	298,816	11,547	11,481
Decrease in interest rate by 1%	(82,981)	(298,816)	(5,926)	(11,481)

Equity Price Risk

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

To mitigate this risk, investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is to be monitored by the Investment Committee and compliance reported to the Board. The Investment Policies restrict exposure to equity markets to those funds whose liability duration matches equity duration and volatility cycles. A strategic investment of $15.5 million in Treasury Corporation of Victoria, zero coupon, 30-year bond was made in 2005 to offset the volatility of equity price risk. This investment has been sold subsequent to balance date. (refer note 21)

If the ASX 200 were to decline by 10%, the Society's listed investments would decline by $584,607

If the ASX 200 were to increase by 10%, the Society's listed investments would increase by $584,607

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 24: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	As at 30 June 2020		As at 30 June 2019	
ECONOMIC ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	$	$	$	$
Term Deposits	3,776,158	3,776,158	13,068,726	13,068,726
Commercial Paper	74,540,711	74,540,711	65,287,054	65,287,054
Government Paper	87,638,866	87,638,866	85,277,038	85,277,038
Units in Managed Trusts	5,846,076	5,846,076	6,058,277	6,058,277
	171,801,811	171,801,811	169,691,095	169,691,095

	As at 30 June 2020		As at 30 June 2019	
PARENT ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	$	$	$	$
Term Deposits	592,624	592,624	331,716	331,716
Commercial Paper	-	-	503,487	503,487
Units in Managed Trusts	547,818	547,818	545,498	545,498
	1,140,442	1,140,442	1,380,701	1,380,701

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

	As at 30 June 2020		As at 30 June 2019	
ECONOMIC ENTITY	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	$	$	$	$
Policy Liabilities	163,452,998	163,452,998	157,990,057	157,990,057

NOTE 24: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

b) Fair value estimates

The fair value estimates were determined as follows:

Investments

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

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

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

Fair value hierarchy

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

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

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

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

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

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

NOTE 24: 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.

Economic Entity	Level 1 $	Level 2 $	Level 3 $	TOTAL $
2020				
Financial assets at fair value through profit and loss	116,821,229	54,980,582	-	171,801,811
Financial Liabilities at fair value through profit and loss	-	-	163,452,998	163,452,998
2019				
Financial assets at fair value through profit and loss	117,293,420	52,397,675	-	169,691,095
Financial Liabilities at fair value through profit and loss	-	-	157,990,057	157,990,057
Parent Entity				
2020				
Financial assets at fair value through profit and loss	1,140,442	-	-	1,140,442
2019				
Financial assets at fair value through profit and loss	1,380,701	-	-	1,380,701

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

There have been no significant transfers into or out of each level during the year ended 30 June 2020 or the prior year

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

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

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

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

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

Valuation process

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

NOTE 25: INTEREST RATE RISK

Interest Rate Risk

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

	Interest Rate											
	Weighted Average Effective Fixed Interest Rate		Fixed Interest Within 1 Year		Fixed Interest 1 to 5 years		Fixed Interest Greater than 5 years		Floating Interest Rate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL ASSETS:												
Cash and cash equivalents	.01	.01	-	-	-	-	-	-	4,870,744	1,077,832	4,870,744	1,077,832
Investments	4.20	4.02	23,096,574	25,731,410	38,714,138	27,235,577	99,623,046	95,530,768	4,521,977	15,135,063	165,955,735	163,632,818
Total Financial Assets			23,096,574	25,731,410	38,714,138	27,235,577	99,623,046	95,530,768	9,392,721	16,212,895	170,826,479	164,710,650

The Total Financial Assets figure above does not include $5,846,076 (2019: $6,058,277) assets in Unit Trusts.

			Fixed Interest Within 1 Year		Fixed Interest 1 to 5 Years		Floating Interest Rate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$	$	$
PARENT ENTITY FINANCIAL ASSETS:										
Cash and cash equivalents	.01	.01	-	-	-	-	561,175	312,949	561,175	312,949
Investments	1.86	2.83	592,624	305,990	-	25,727	-	503,487	592,624	835,204
Total Financial Assets			592,624	305,990	-	25,727	561,175	816,436	1,153,799	1,148,153

The Total Financial Assets figure above does not include $547,818 (2019: $545,498) assets in Unit Trusts

NOTE 26: MATURITY PROFILE FINANCIAL LIABILITIES

	Maturity Profile of Financial Liabilities							
	Within 1 Year		1 -5 Years		Over 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
ECONOMIC ENTITY FINANCIAL LIABILITIES:								
Trade and other Payables	224,784	217,770	-	-	-	-	224,784	217,770
Lease Liability	-	-	166,582	-	-	-	166,582	-
Member's Liability	10,317,264	10,430,520	33,534,340	32,529,021	119,601,394	115,030,516	163,452,998	157,990,057
Total Financial Liabilities	10,542,048	10,648,290	33,700,922	32,529,021	119,601,394	115,030,516	163,844,364	158,207,827

	Within 1 Year		Within 1 Year		Total	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
PARENT ENTITY FINANCIAL LIABILITIES:						
Trade and other Payables	170,514	194,500	-	-	170,514	194,500
Trade and other Payables	-	-	166,582	-	166,582	-
Total Financial Liabilities	170,514	194,500	166,582	-	337,095	194,500

NOTE 27: BENEFIT FUND SUMMARY FOR THE YEAR ENDED 30 JUNE 2020

	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)	64,502,369	90,388,725	271,575	155,162,669
Allocation of surplus as at previous reporting date	-	1,185,543	-	1,185,543
Liability component of contributions	-	12,589,403	-	12,589,403
Withdrawals	-	(9,322,817)	-	(9,322,817)
Allocation of surplus	-	633,456	-	633,456
Actuarial revaluation	1,822,817	-	7,259	1,830,076
Member's Tax Credit	-	5,492	-	5,492
Value of Policy Liabilities (end of period)	66,325,186	95,479,802	278,834	162,083,822
BENEFIT FUND PROFIT AND LOSS				
Net investment income	2,949,843	1,774,893	4,505	4,729,241
Revenue component of contributions	652,757	-	17,000	669,757
Other income	170	-	-	170
Fees to management fund	(810,924)	(1,051,344)	(7,263)	(1,869,531)
Claims expense	(921,479)	-	(550)	(922,029)
Members liability revaluation	(1,822,817)	-	(7,259)	(1,830,076)
Other expenses	(29,402)	(27,619)	(5,139)	(62,160)
Income tax expense	(18,148)	(328,968)	(1,294)	(348,410)
Profit/loss after tax	-	366,962	-	366,962
Unallocated Surplus (start of period)	-	1,635,670	-	1,635,670
Surplus allocated to members	-	(596,149)	-	(596,149)
Provisional allocation to members	-	(37,307)	-	(37,307)
Unallocated Surplus (end of period)	-	1,369,176	-	1,369,176
TOTAL MEMBER FUNDS				
Current Liability				10,317,264
Non-Current Liability				153,135,734
Reserves				10,000,000
(Value of Policy Liabilities plus Unallocated Surplus)				173,452,998
BENEFIT FUND BALANCE SHEET SUMMARY				
Net Assets (Total Member Funds)	66,325,186	96,848,978	278,834	163,452,998
Other Liabilities	1,275,411	258,648	6,737	1,540,796
Reserves	10,000,000	-	-	10,000,000
Total Assets	77,600,597	97,107,626	285,571	174,993,794

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 2020 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: 24th September 2020

Place: Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
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 Audit of the Financial Report

Opinion

We have audited the financial report of Sureplan Friendly Society Ltd (the Company) and its subsidiaries (the Group), which comprises the statements of financial position as at 30 June 2020, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying 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 the Group's financial position as at 30 June 2020 and of their financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

T J Kendall
Director

Brisbane, 24 September 2020

SUREPLAN FAMILY FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
INVESTMENT INCOME			
Interest		194,091	204,714
Changes in net market values	4	2,769,646	13,122,643
TOTAL INVESTMENT INCOME		2,963,737	13,327,357
Direct investment expense		13,894	13,795
NET INVESTMENT INCOME		2,949,843	13,313,562
Revenue component of member contributions		652,757	744,755
Other Income	5	170	222
TOTAL INCOME		3,602,770	14,058,539
OPERATING EXPENSES			
Fees to management fund	11	810,924	870,969
Claims expense		921,479	690,823
Member liability revaluation		1,822,817	12,435,154
Other expenses	2	29,402	32,284
TOTAL OPERATING EXPENSES		3,584,622	14,029,230
OPERATING PROFIT/LOSS BEFORE INCOME TAX		18,148	29,309
Income Tax Expense	3	18,148	29,309
OPERATING PROFIT/LOSS AFTER INCOME TAX		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-
Unallocated Surplus or Deficiency at the beginning of the reporting period			
Transfer to Reserves		-	-
TOTAL AVAILABLE FOR ALLOCATION		-	-
Allocated to members		-	-
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
ASSETS			
Cash and Cash Equivalents	6	184,742	88,496
Trade and other receivables	7	-	12,891
Financial Assets	8	77,415,855	75,346,209
TOTAL ASSETS		77,600,597	75,447,596
LIABILITIES			
Trade and other payables	9	1,275,411	945,227
TOTAL LIABILITIES		1,275,411	945,227
NET ASSETS		76,325,186	74,502,369
MEMBERS FUNDS			
Value of Policy Liabilities	10	66,325,186	64,502,369
Unallocated Surplus/Deficiency		-	-
Reserves		10,000,000	10,000,000
TOTAL BENEFIT FUND MEMBERS' FUNDS		76,325,186	74,502,369

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.

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

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

a) Financial Assets at fair value through profit and loss

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

b) 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

Trust distributions are brought to account when the right to receive the distribution is established.

g) Accounts Payable

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

h) Policy Liabilities Valuation

Sureplan Family Fund

Mortality probabilities of Australian Life tables 2015-17 less 10% as compared with Australian Life Tables 2010-12 less 25% the previous year.

- Net discount rate of 1.35% which is based on:

Expected gross investment rate earnings	2.32%
Expected fund expenses rate	0.80%
Taxation rate 7.8%	0.17%
Future compound bonuses of	0.30%

Policy liabilities	$61,337,358
Future discretionary bonuses	$4,920,434
Maturity Bonus	$67,394
Retained surplus	$10,000,000
TOTAL	$76,325,186

NOTE 2: OTHER EXPENSES

	2020 $	2019 $
Actuary & Valuation Fees	7,800	8,082
Bank fees & taxes	20,182	23,013
Stamp Duty	565	1,189
Legal Fees	855	-
	29,402	32,284

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:

	2020	2019
	$	$
Operating Surplus before tax	55,000	60,000
Prima facie tax on operating profit at 30%	16,500	18,000
Add tax effect of Permanent differences (exempt income)	(190,119)	(222,091)
Assessable Income	191,767	233,400
Income tax attributable to operating surplus	18,148	29,309

NOTE 4: CHANGES IN NET MARKET VALUE

SECURITIES HELD AT REPORTING DATE:		
State Government Treasury Bonds	2,582,907	11,404,777
Other public securities	186,739	1,717,866
	2,769,646	13,122,643

NOTE 5: OTHER INCOME

Miscellaneous income	170	222

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly) (effective interest rate of 0.10%)(2019:0.01%)	184,742	88,496

NOTE 7: TRADE AND OTHER RECEIVABLES

Sundry Debtors	-	-
Accrued Income	-	12,891
	-	12,891

NOTE 8: FINANCIAL ASSETS

	2020	2019
	$	$
Units in Managed Investment	5,298,258	5,512,779
Term Deposits (effective interest rate)(2019:2.45%)	-	700,000
Other Managed Public Securities at fair value	7,493,869	7,212,309
State Government Treasury Bonds - held to maturity	64,623,728	61,921,121
	77,415,855	75,346,209
MATURITY ANALYSIS		
Not longer than 6 months	-	700,000
Longer than 6 months but less than 1 year	-	-
Other Managed Public Securities greater than 4 years but less than 10 years	7,493,869	7,212,309
CPI Bonds maturity November 2035	9,643,146	9,523,446
Maturity October 2035 Face Value $75.3 million	54,980,582	52,397,675
	72,117,597	69,833,430
Disclosure based on the 3 level Fair Value hierarchy		
Financial Assets at fair value through profit and loss		
Level 1	17,137,015	17,435,755
Level 2	54,980,582	52,397,675
	72,117,597	69,833,430

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

Provision for Income Tax	1,070	(3,204)
Sundry creditors	1,274,341	948,431
	1,275,411	945,227

NOTE 10: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	2020 $	2019 $
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	64,502,369	52,067,215
Revaluation of liabilities by actuarial review	1,822,817	12,435,154
Allocation of surplus during the year	-	-
Balance/ liability at the end of the period	66,325,186	64,502,369

NOTE 11: TRANSFER TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	810,924	870,969

NOTE 12 : PRESCRIBED CAPITAL AMOUNT

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

NOTE 13: AUDITOR'S REMUNERATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
INVESTMENT INCOME			
Interest		3,295,378	2,898,344
Changes in net market values	4	(1,520,485)	979,459
TOTAL INVESTMENT INCOME		1,774,893	3,877,803
TOTAL INCOME		1,774,893	3,877,803
OPERATING EXPENSES			
Fees to management fund	10	1,051,344	883,551
Other expenses	2	27,619	28,639
TOTAL OPERATING EXPENSES		1,078,963	912,190
OPERATING PROFIT/LOSS BEFORE INCOME TAX		695,930	2,965,613
Income Tax Expense	3	328,968	468,727
OPERATING PROFIT/LOSS AFTER INCOME TAX		366,962	2,496,886
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		366,962	2,496,886
Unallocated Surplus or Deficiency at the beginning of the reporting period		1,635,670	324,327
Transfers to/from management fund		-	-
TOTAL AVAILABLE FOR ALLOCATION		2,002,632	2,821,213
Allocated to members		596,149	1,101,412
Provisional Allocation to members		37,307	84,131
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		1,369,176	1,635,670

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
Cash and Cash Equivalents	5	4,056,218	613,491
Trade and other receivables	6	21,447	197,058
Financial Assets	7	93,029,961	92,754,074
TOTAL ASSETS		97,107,626	93,564,623
LIABILITIES			
Trade and other payables	8	258,648	348,510
TOTAL LIABILITIES		258,648	348,510
NET ASSETS		96,848,978	93,216,113
MEMBER FUNDS			
Value of Policy Liabilities	9	95,479,802	91,580,443
Unallocated Surplus/Deficiency		1,369,176	1,635,670
TOTAL BENEFIT FUND MEMBERS' FUNDS		96,848,978	93,216,113

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.

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 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 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

	2020 $	2019 $
Actuary Fees	7,200	8,083
Bank Fees & Taxes	2,904	4,031
Legal Fees	17,515	16,525
	27,619	28,639

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	695,930	2,965,613
Prima facie tax on operating profit at 30%	208,779	889,684
Add tax effect of Permanent differences (exempt income)	683,032	(6,387)
Society Tax Loss	(493,902)	(414,570)
Utilisation of Society tax Losses	(68,941)	-
Income tax attributable to operating surplus	328,968	468,727

NOTE 4 : CHANGES IN NET MARKET VALUE

	2020 $	2019 $
SECURITIES HELD AT REPORTING DATE		
Gov Treasury Bonds and Other Managed Public Securities	(968,005)	715,469
Net Gains/(Loss) on disposal/maturity of securities	(552,480)	263,990
	(1,520,485)	979,459

NOTE 5 : CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0.1%)(2019: 0.01%)	4,056,218	613,491

NOTE 6: TRADE AND OTHER RECEIVABLES

Accrued Interest	21,427	197,058
Sundry Debtors	20	-
	21,447	197,058

NOTE 7: FINANCIAL ASSETS

Gov Treasury Bonds and Other Managed Public Securities at fair value (weighted effective average interest rate of 3.69%)(2019: 3.6%)	90,061,981	80,927,175
Term Deposits (weighted effective average interest rate of 1.84%)(2019: 2.64%)	2,967,980	11,826,899
	93,029,961	92,754,074
Maturity Analysis		
Not longer than 3 months	13,108,189	4,004,907
Longer than 3 months but not longer than 6 months	13,452,185	1,851,622
Longer than 6 months but not longer than 12 months	250,000	17,497,570
Longer than 1 year but not longer than 2 years	1,419,431	11,229,729
Longer than 2 year but not longer than 3 years	11,571,210	21,902,388
Longer than 3 years but not longer than 9 years	53,228,946	36,267,858
	93,029,961	92,754,074
Disclosure based on the 3 level Fair Value hierarchy		
Financial Assets at fair value through profit and loss		
Level 1	93,029,961	92,754,074

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

	2020	2019
	$	$
Sundry Creditors	125,589	87,924
Provision for Income Tax	133,059	260,586
	258,648	348,510

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)	90,388,725	83,065,592
Allocation of surplus as at previous reporting date	1,101,413	1,061,452
Allocation of Provisional Bonus previous year	84,130	81,239
Liability component of contributions	12,589,403	13,909,013
Withdrawals	(9,322,817)	(7,728,571)
Member's Tax Credits	5,492	6,175
Balance/liability at the end of the period prior to annual allocation	94,846,346	90,394,900
Proposed allocation of surplus (annual)	633,456	1,185,543
Balance/liability at the end of the period	95,479,802	91,580,443

NOTE 10: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	1,051,344	883,551

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

sureplan BODY TRANSPORTATION FUNERAL FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
INVESTMENT INCOME			
Interest		4,505	5,240
TOTAL INVESTMENT INCOME		4,505	5,240
Revenue Component of member contributions		17,000	28,250
TOTAL INCOME		21,505	33,490
OPERATING EXPENSES			
Fees to management fund	9	7,263	6,997
Claim Expenses		550	-
Other expenses	2	5,139	3,922
Member liability revaluation		7,259	22,230
TOTAL OPERATING EXPENSES		20,211	33,149
OPERATING PROFIT/LOSS BEFORE INCOME TAX		1,294	341
Income Tax Expense	3	1,294	341
OPERATING PROFIT/LOSS AFTER INCOME TAX		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-
Unallocated Surplus or Deficiency at the beginning of the reporting period		-	-
Transfers to/from management fund		-	-
TOTAL AVAILABLE FOR ALLOCATION		-	-
Allocated to members		-	-
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020	2019
		$	$
ASSETS			
Cash and Cash Equivalents	4	68,610	62,895
Trade and other receivables	5	1,408	2,356
Financial Assets	6	215,553	210,111
TOTAL ASSETS		285,571	275,362
LIABILITIES			
Trade and other payables	7	6,737	3,787
TOTAL LIABILITIES		6,737	3,787
NET ASSETS		278,834	271,575
MEMBER FUNDS			
Value of Policy Liabilities	8	278,834	271,575
Unallocated Surplus/Deficiency		-	-
TOTAL BENEFIT FUND MEMBERS' FUNDS		278,834	271,575

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 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 $600 (previously $1,831), increasing with inflation at 2% p.a. The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of Australian Life tables 2015-17 less 10% as compared with Australian Life Tables 2010-12 less 25% the previous year in line with Family Fund mortality experience.
- Net discount rate of -0.86% which is based on:
  Expected gross investment rate earnings 1.14% less transfers from surplus at up to 2% of assets.
  Expected fund expenses rate: Fund expenses of $5 (previously $4.03) p.a. per member
  Taxation rate (taxed on profit) 0.00%
- Policy Liabilities $49,787, fund expenses of 2% of assets $50,016, plus future fee expenses $131,638.
  Reduced policy liabilities arise from reduced claim costs as experienced over the last five years.

NOTE 2: OTHER EXPENSES

	30 June 2019	30 June 2019
	$	$
Actuary Fees	5,000	3,710
Other Expenses	-	-
Stamp Duty	139	212
	5,139	3,922

NOTE 3: INCOME TAX

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

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

Operating Surplus	-	-
Prima facie tax on operating profit at 30%	-	-
Add tax effect of Permanent differences (exempt income)	1,294	341
Income tax attributable to operating surplus	1,294	341

NOTE 4: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 0%)(2019: 0%)	68,610	62,895

NOTE 5: TRADE AND OTHER RECEIVABLES

Sundry Debtors	-	-
Accrued Interest	1,408	2,356
	1,408	2,356

NOTE 6: FINANCIAL ASSETS

Term Deposits (weighted effective average interest rate of 1.50%)(2019: 2.59%)	215,553	210,111
Maturity Analysis		
Less than 12 months	215,553	210,111
	215,553	210,111
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss		
Level 1	215,553	210,111

NOTE 7: TRADE AND OTHER PAYABLES

Trade Creditors	5,606	3,446
Provision for Income Tax	1,131	341
	6,737	3,787

NOTE 8: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	2020	2019
	$	$
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	271,575	249,345
Revaluation of Liabilities by actuarial review	7,259	22,230
Allocation of surplus during the year	-	-
Balance/liability at the end of the period	278,834	271,575

NOTE 9: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	7,263	6,997

NOTE 10: PRESCRIBED CAPITAL AMOUNT

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

NOTE 11: AUDITOR'S REMUNERATION

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

NOTES

Administered by
SUREPLAN FRIENDLY SOCIETY LTD
PO Box 899, Spring Hill Qld 4004
Ground Floor, 133 Leichhardt Street, Spring Hill Qld 4000

TOLL FREE: 1800 817 105
Fax: (07) 38 3333 38
Email: info@sureplan.com.au

www.sureplan.com.au

ABN 70 087 649 456 AFS License 245522