I.O.O.F. Investment Management Limited

ABN 53 006 695 021

Financial Report - 30 June 2021

I.O.O.F. Investment Management Limited
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I.O.O.F. Investment Management Limited
Directors' report
30 June 2021

The Directors present their report, together with the financial statements, on I.O.O.F. Investment Management Limited (the Company) for the year ended 30 June 2021 and the auditor's report thereon.

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

Mr Robert Andrew Bloore
Mr Alan Harold Chonowitz (appointed 31 March 2021)
Ms Carolyn Judith Colley (appointed 31 March 2021)
Ms Karen Nita Gibson
Ms Jane Margaret Harvey
Mr Lindsay Raymond Smartt
Mr Geoffrey Martin Walsh

Principal activities
The principal activities of the Company during the financial year were to act as Registrable Superannuation Entity under an instrument of approval granted by the Australian Prudential Regulation Authority ("APRA") for a number of superannuation funds. From 30 November 2019, the Company ceased acting as the Responsible Entity for all managed investment schemes and Service Operator for all Investor Directed Portfolio Services ("IDPSs"), which have been transferred to IOOF Investment Services Limited.

Dividends
Dividends paid during the financial year were as follows:

	2021 $'000	2020 $'000
Final dividend for the year ended 30 June 2021 of $nil (2020: $0.79) per ordinary share	-	25,000
Interim dividend for the year ended 30 June 2021 of $0.31 (2020: $0.81) per ordinary share	9,800	25,700
	9,800	50,700

On 20 August 2021 the Directors declared a final dividend for the period ended 30 June 2021 of $5,000,000 ($0.15 per ordinary share) to be paid in September 2021.

Review of operations
The profit for the Company after providing for income tax amounted to $15,923,000 (30 June 2020: $15,849,000).

The Company provides trustee, administration and management services to a number of superannuation funds for which it earns fee revenue. The current year profit has remained consistent with the prior year notwithstanding a decline in both revenue and expenses following its ceasing of responsible entity activities.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Future Developments
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Company secretary
The Company Secretaries during the financial year were Ms Varni Thivianathan, Ms Sharyn Cowley and Ms Adrianna Bisogni. Ms Varni Thivianathan resigned as Company Secretary on 31 May 2021. Ms Sharyn Cowley was appointed as Company Secretary on 26 November 2020.

I.O.O.F. Investment Management Limited
Directors' report
30 June 2021

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Attended	Held*
Mr Robert Andrew Bloore	14	14
Mr Alan Harold Chonowitz (appointed 31 March 2021)	5	5
Ms Carolyn Judith Colley (appointed 31 March 2021)	5	5
Ms Karen Nita Gibson	13	14
Ms Jane Margaret Harvey	14	14
Mr Lindsay Raymond Smartt	14	14
Mr Geoffrey Martin Walsh	13	14

*Held - represents the number of meetings held during the time the Director held office.

Indemnity and insurance of officers

During the financial year, IOOF Holdings Ltd (the ultimate parent company) and its controlled entities (collectively referred to as the "Group") paid a premium to insure the Directors, secretaries and general officers of the Group (including the Company). No such insurance cover has been provided for the benefit of any external auditor of the Group.

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

Rounding of amounts

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

Auditor's independence declaration

The lead auditor's independence declaration is included on page 4 of the financial report and forms part of the Directors' report for the year ended 30 June 2021.

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

On behalf of the Directors

Geoffrey Walsh
Director

20 August 2021

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit of I.O.O.F. Investment Management Limited for the financial year ended 30 June 2021, there have been:

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

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

KPMG

Maria Trinci

Partner

Melbourne

20 August 2021

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I.O.O.F. Investment Management Limited
Statement of comprehensive income
For the year ended 30 June 2021

	Note	2021 $'000	2020* $'000
Revenue			
Investment management fee income	4	164,737	237,334
Other income	5	44	(16)
Interest revenue		18	135
Expenses			
Service fees and other direct costs	6	(16,391)	(54,172)
Operating expenditure	7	(124,641)	(159,698)
Other expenses	8	(1,054)	(978)
Profit before income tax expense		22,713	22,605
Income tax expense	9	(6,790)	(6,756)
Profit after income tax expense for the year	19	15,923	15,849
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		15,923	15,849

*Prior year revenue and expense has been reclassified. Refer to Notes 2, 4 and 5.

The above statement of comprehensive income should be read in conjunction with the accompanying notes

I.O.O.F. Investment Management Limited
Statement of financial position
As at 30 June 2021

	Note	2021 $'000	2020 $'000
Assets			
Cash and cash equivalents	10	11,222	9,705
Trade and other receivables	11	27,332	24,834
Financial assets at fair value through profit or loss	12	458	264
Deferred expenses	13	-	111
Goodwill and Intangibles	14	15,015	15,918
Deferred tax asset	15	71	(825)
Total assets		54,098	50,007
Liabilities			
Trade and other payables	16	14,715	16,747
Total liabilities		14,715	16,747
Net assets		39,383	33,260
Equity			
Issued capital	17	31,634	31,634
Reserves	18	2,655	2,655
Retained profits/(losses)	19	5,094	(1,029)
Total equity		39,383	33,260

The above statement of financial position should be read in conjunction with the accompanying notes

I.O.O.F. Investment Management Limited
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital $'000	Reserve $'000	Retained profits/ (losses) $'000	Total equity $'000
Balance at 1 July 2019	31,634	2,655	33,822	68,111
Profit after income tax expense for the year	-	-	15,849	15,849
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**15,849**	**15,849**
Transactions with owners in their capacity as owners:				
Dividends paid (note 20)	-	-	(50,700)	(50,700)
Balance at 30 June 2020	**31,634**	**2,655**	**(1,029)**	**33,260**

	Issued capital $'000	Reserve $'000	Retained profits/ (losses) $'000	Total equity $'000
Balance at 1 July 2020	31,634	2,655	(1,029)	33,260
Profit after income tax expense for the year	-	-	15,923	15,923
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**15,923**	**15,923**
Transactions with owners in their capacity as owners:				
Dividends paid (note 20)	-	-	(9,800)	(9,800)
Balance at 30 June 2021	**31,634**	**2,655**	**5,094**	**39,383**

The above statement of changes in equity should be read in conjunction with the accompanying notes

I.O.O.F. Investment Management Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		311,328	424,339
Payments to suppliers and employees		(290,953)	(398,341)
		20,375	25,998
Interest received		20	156
Other revenue		51	152
Income taxes paid		(7,686)	(6,297)
Net cash from operating activities	26	12,760	20,009
Net cash from investing activities		-	-
Cash flows from financing activities			
Dividends paid	20	(9,800)	(50,700)
Loans from/(to) related and other parties		(1,443)	21,523
Net cash used in financing activities		(11,243)	(29,177)
Net increase/(decrease) in cash and cash equivalents		1,517	(9,168)
Cash and cash equivalents at the beginning of the financial year		9,705	18,873
Cash and cash equivalents at the end of the financial year	10	11,222	9,705

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover I.O.O.F. Investment Management Limited as an individual entity. The financial statements are presented in Australian dollars, which is I.O.O.F. Investment Management Limited's functional and presentation currency.

I.O.O.F. Investment Management Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 6 161 Collins Street MELBOURNE VIC 3000	Level 6 161 Collins Street MELBOURNE VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 August 2021.

Note 2. Significant accounting policies

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

(a) Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss or where otherwise stated.

Critical accounting estimates

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

Changes in accounting policies

Except for the treatment of advisor service fees as noted below, the accounting policies adopted in the preparation and presentation of these financial statements are materially consistent with those adopted and disclosed in the Company’s Financial Report for the year ended 30 June 2020. The Company has applied, where relevant, all new or revised Australian Accounting Standards and AASB Interpretations applicable to the period ended 30 June 2021, however these do not have a material impact on the Company.

Note 2. Significant accounting policies (continued)

Advisor Service Fees Reclassification
The Company is party to two transactions relating to Advisor Service Fees ("ASF") whereby it receives ASF's from funds of which it is trustee and then subsequently pays the ASF to dealer groups. ASF are determined by an agreed arrangement between the dealer group and members. Historically, the Company treated the two transactions separately, recording both a service fee income and expense. The Company has reassessed its accounting policy relating to ASF's in order to align accounting policies with other entities in the IOOF Group.

As a result, the Company has amended the accounting policy for ASFs to reflect its agent role and now offsets the ASF receipts and payments in the Statement of Comprehensive Income and Note 27 *Structured Entities*, to account for these transactions as an agent. The change in accounting policy has been consistently reflected in the both the current year and prior comparative period. This has resulted in a reduction of both income and expense in the prior year financial comparatives but with no impact on the total comprehensive income or shareholder's equity recognised. The impact to the prior year comparatives is shown below.

	Amended 2020 $'000	Original 2020 $'000
Statement of Comprehensive Income		
Revenue	237,334	366,244
Service fees and other direct costs	54,172	183,082
Note 4		
Management and service fee revenue	229,113	358,023
Note 6		
Service and marketing fees expense	42,276	172,186

The ASF receipts and payments will not be offset in the Statement of cash flows or the cash flow forecast as the receipt and payment are separate cash transactions.

(b) New, revised or amended Accounting Standards and Interpretations

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but not yet effective:

New standards or amendments	Effective first financial year end
AASB 17 Insurance Contracts	30 June 2024
AASB 101 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	30 June 2024
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2019-2020 and Other Amendments	30 June 2023

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

(c) Revenue recognition
The Company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Management and service fee revenue
The Company provides management services to the funds operated by the Company at normal commercial rates. Management fees earned from the funds are calculated based on an agreed percentage of the respective funds under management or administration as disclosed in the respective product disclosure statements, and are recognised on an accruals basis.

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

Trust Distributions and *Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

(d) Expense recognition
Service fees and other direct costs, Operating expenditure and other expenses
All expenses are recognised as they are incurred.

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

Recognition and initial measurement

On initial recognition, a financial asset is classified at amortised cost or FVTPL.

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

A financial asset or liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available.

(h) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 2. Significant accounting policies (continued)

Customer relationships
Customer relationships are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10-20 years.

Impairment of non-financial assets
The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(i) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

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

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

(k) Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(m) Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(n) Deferred acquisition costs

Deferred acquisition costs relate to service fees paid, and are deferred as an asset in recognition that they relate to a future economic benefit. Deferred acquisition costs are initially measured at historical cost and are written down immediately to their recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Deferred acquisition costs are progressively amortised to profit or loss with deferred costs being fully amortised in the current financial year.

(o) Reserves

The reserve was created following a transfer of cash from the former trustee (AET) of the Small APRA funds to provide the Company with funding needed for the unrestricted commitment of financial resources to meet the Operational Risk Financial Requirement ("ORFR"). The reserve is recognised as equity and AET holds no right of recovery to the balance.

(p) Rounding of amounts

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. Investment management fee income

	2021 $'000	2020 $'000
Management and service fees revenue	160,471	229,123
Other fee revenue	4,065	8,059
	164,536	237,182
Other revenue		
Trust distributions	150	-
Other revenue	51	152
	201	152
Investment management fee income	164,737	237,334

Note 5. Other income

	2021 $'000	2020 $'000
Net fair value gain/(loss) on other financial assets	44	(16)

Note 6. Service fees and other direct costs

	2021 $'000	2020 $'000
Service and marketing fees expense	12,408	43,276
Other direct costs	3,983	10,896
	16,391	54,172

Note 7. Operating expenditure

	2021 $'000	2020 $'000
Office support and other expenses	1,436	1,488
Service fees paid to related entity	123,205	158,210
	124,641	159,698

Note 8. Other expenses

	2021 $'000	2020 $'000
Amortisation of intangible assets	903	905
Deferred acquisition costs	151	73
	1,054	978

Note 9. Income tax expense

	2021 $'000	2020 $'000
Income tax expense		
Current tax	7,687	6,944
Deferred tax - origination and reversal of temporary differences	(896)	459
Adjustment recognised for prior periods	(1)	(647)
Aggregate income tax expense	6,790	6,756
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	(896)	459
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	22,713	22,605
Tax at the statutory tax rate of 30%	6,814	6,782
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	(23)	(23)
	6,791	6,759
Adjustment recognised for prior periods	(1)	(647)
Prior year temporary differences now recognised	-	644
Income tax expense	6,790	6,756

Note 10. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank	11,222	9,705
Amount expected to be recovered within 12 months	11,222	9,705

Note 11. Trade and other receivables

	2021 $'000	2020 $'000
Receivables	26,565	24,938
Less: Allowance for expected credit losses	-	(106)
	26,565	24,832
Receivables from related entities	158	-
Interest receivable	-	2
GST receivable	609	-
	27,332	24,834
Amount expected to be recovered within 12 months	27,332	24,834

Receivables from related entities include amounts arising under the Group's funding arrangements.

Note 11. Trade and other receivables (continued)

As at 30 June 2021, $74,797 trade receivables of the Company were past due (2020: $191,099). The amount of the impairment provision was $nil (2020: $106,000).

Note 12. Financial assets at fair value through profit or loss

	2021 $'000	2020 $'000
Unlisted unit trusts - held with related parties	458	264
Amount expected to be recovered after more than 12 months	458	264

Refer to note 22 for further information on fair value measurement.

Note 13. Deferred expenses

	2021 $'000	2020 $'000
Deferred expenses	-	111
Amount expected to be recovered after more than 12 months	-	111

Note 14. Goodwill and Intangibles

	2021 $'000	2020 $'000
Goodwill - at cost	3,128	3,128
Customer relationships - at cost	13,214	13,214
Less: Accumulated amortisation	(10,363)	(9,460)
	2,851	3,754
Software - at cost	578	578
Less: Accumulated amortisation	(578)	(578)
	-	-
Master Fund business investment carried at cost	9,036	9,036
	15,015	15,918
	15,015	15,918

Note 14. Goodwill and Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $'000	Customer relationships $'000	Computer software $'000	Other Investments $'000	Total $'000
Balance at 1 July 2019	3,128	4,657	2	9,036	16,823
Amortisation expense	-	(903)	(2)	-	(905)
Balance at 30 June 2020	3,128	3,754	-	9,036	15,918
Amortisation expense	-	(903)	-	-	(903)
Balance at 30 June 2021	3,128	2,851	-	9,036	15,015

Impairment testing for goodwill
For the purposes of impairment testing, goodwill is associated with the platform management and administration business.

The recoverable amount has been determined based on value-in-use calculations using 2021 actual balances to forecast 2022 and beyond cash flows. The Company conducts an annual impairment assessment using projected cash flows based on its 3 year forecast.

The growth rates applied do not exceed the long-term average growth rate for businesses. The pre-tax discount rate of 14.20% (2020: 15.20%) used reflects the Company's pre-tax nominal weighted average cost of capital. Management's assessment of the goodwill's value-in-use exceeds the value of goodwill, and any reasonably possible changes to assumptions used in management's assessment is not expected to result in impairment.

Note 15. Deferred tax asset

	2021 $'000	2020 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Deferred commission	-	(33)
Accrued income	-	(603)
Provision for bad debts	-	32
Change in market value of investments	(80)	(22)
Intangibles	(30)	(322)
Accrued expenses	181	123
Deferred tax asset	71	(825)
Movements:		
Opening balance	(825)	(366)
Credited/(charged) to profit or loss (note 9)	896	(459)
Closing balance	71	(825)

Note 16. Trade and other payables

	2021 $'000	2020 $'000
Payables to related entities	-	1,285
Payables	12,420	13,369
GST payable	2,295	2,093
	14,715	16,747
Amount expected to be settled within 12 months	14,715	16,747

Refer to note 21 for further information on financial instruments.

Note 17. Issued capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	31,633,832	31,633,832	31,634	31,634

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Capital risk management

The Company manages capital to ensure that the Company will be able to continue as a going concern.

The Company considers share capital, reserves and retained earnings to be capital for management purposes. The Company's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Company recognises the need to maintain a balance between the higher returns that might be possible with gearing and the advantage and security afforded by a sound capital position.

The Company is regulated by APRA and has been issued a Registrable Superannuation Entity (“RSE”) Licence. In complying with APRA’s Prudential Standard SPS 114 “Operational Risk Financial Requirement” (ORFR), the Company has met the capital requirements at all times during the current year and prior financial period though a combination of fund reserves and trustee capital.

There were no changes in the Company’s approach to capital management since the prior financial period.

Note 18. Reserves

	2021 $'000	2020 $'000
ORFR Reserve	2,655	2,655

The ORFR reserve was created following a transfer of cash from the former trustee (AET) of the Small APRA funds to provide the Company with funding needed for the unrestricted commitment of financial resources to meet the Operational Risk Financial Requirement. The reserve is recognised as equity and AET holds no right of recovery to the balance.

Note 19. Retained profits/(losses)

	2021 $'000	2020 $'000
Retained profits/(accumulated losses) at the beginning of the financial year	(1,029)	33,822
Profit after income tax expense for the year	15,923	15,849
Dividends paid (note 20)	(9,800)	(50,700)
Retained profits/(accumulated losses) at the end of the financial year	5,094	(1,029)

Note 20. Dividends

Dividends paid during the financial year were as follows:

	2021 $'000	2020 $'000
Final dividend for the year ended 30 June 2021 of $nil (2020: $0.79) per ordinary share	-	25,000
Interim dividend for the year ended 30 June 2021 of $0.31 (2020: $0.81) per ordinary share	9,800	25,700
	9,800	50,700

On 20 August 2021 the Directors declared a final dividend for the period ended 30 June 2021 of $5,000,000 ($0.15 per ordinary share) to be paid in September 2021.

Note 21. Financial instruments

Financial risk management objectives
The Company manages its risk as part of a system employed by the Group. Risk is defined by the Group as any event which hinders the sustainable achievement of Group objectives and results including a failure to realise opportunities. The Group's strategy to manage risk involves the identification of risks by type, impact and likelihood, implementation of controls to mitigate risks, and continuous monitoring and improvement of the procedures in place.

In response to COVID-19, the Group has further strengthened its financial risk management framework through more frequent board updates and enhanced stress testing, liquidity management and portfolio monitoring. The Company also incorporated a greater focus on asset allocation and increased its monitoring of liquidity of the underlying funds.

The Company's objective is to satisfactorily manage its risks in line with its Risk Management Policy approved by the Board, and aligns to International Standard ISO 31000 Risk Management. Procedures are put in place to control and mitigate the risks faced by the Company and vary depending on the nature of the risk. The Company maintains a framework to ensure regulatory compliance obligations are managed in accordance with Australian Standard 3806 Compliance Programs. The Company's exposure to all significant risks is monitored by the Chief Risk Officer and this exposure, and any anticipated risk exposure, is regularly reported to the Risk and Compliance Committee, and the Board together with mitigating actions.

The Company's income and operating cash flows are impacted by changing market conditions. Its exposure is through the impact of market changes on the level of funds under management and administration, and consequently management and service fee revenue. Information has been provided below only on the direct impact of changing market conditions to the Company's income and operating cash flows.

The financial condition and operating results of the Company are affected by a variety of financial and non-financial risks. The key non-financial exposures are to operational risk and a failure to meet regulatory compliance obligations. The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks and the methods used to measure them are detailed below.

The Company does not hold derivative financial instruments to hedge other market risk exposures, and does not hold or trade derivative financial instruments for speculative purposes.

Financial risks for the Company include market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Market risk

Foreign currency risk
The Company is not exposed to any significant foreign currency risk.

Price risk
Price risk is the risk fair value or future earnings of a financial instrument will fluctuate because of changes in market prices (other than from interest rate risk, as described later). The financial instruments managed by the Company that are impacted by price risk consist of investment units held in trusts.

The price risk associated with the units held in trusts is that the fair value of those units will fluctuate with movements in the redemption value of those units, which in turn is based on the fair value of the underlying assets held by the trusts. This risk is managed by choosing to invest in a mix of trusts operated by the Group that will provide an overall diversified portfolio that consists of cash, fixed income securities, equities, and listed property securities; in a mix that provides the Company consistent cash plus returns, as well as some participation in opportunities for capital growth over the longer term.

At 30 June 2021 had the price of the units held by the Company in unlisted unit trusts in other entities increased / decreased by 1% (2020: 1%) with all other variables held constant, post-tax profit for the year would increase / decrease by $3,204 (2020: $1,845) as a result of gains / losses recorded through profit or loss.

Note 21. Financial instruments (continued)

Interest rate risk
Interest rate risk is the risk to the Company's earnings and capital arising from changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of cash and cash equivalents.

Interest rates are based on market rates, and are closely monitored by management. They are primarily at variable rates of interest, and expose the Company to cash flow interest rate risk.

Management regularly assesses the appropriateness of the investment of surplus funds with the objective of maximising returns, within investment guidelines acceptable to the Board.

There is limited exposure to fair value interest rate risk because of the relatively short time frame of any fixed rate investments and borrowings.

At 30 June 2021, if interest rates had changed by +/- 25 basis points from the year-end rates with all other variables held constant, post tax profit for the year would have been $24,089 higher/lower (2020: +/- 100 basis points; $91,368 higher/lower), as a result of higher/ lower interest income from cash and cash equivalents. Equity would have been higher/lower by the same amounts.

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

The Company mitigates its credit risk by ensuring cash deposits are held with high credit quality financial institutions and other highly liquid investments are held with trusts operated by the Group. Where investments are held as units in a trust operated by the Group, that trust is subject to the rules of the trust deed and the investment in underlying assets is subject to asset allocation guidelines.

Receivables consist of management fees receivable, service fees receivable and other amounts receivable from related parties. These counterparties generally do not have an independent credit rating, and the Company assesses the credit quality of the debtor taking into account its financial position, past experience with the debtor, and other available credit risk information. In relation to management fees receivable, the Company is contractually entitled to deduct such fees from members' account balances, in accordance with the Product Disclosure Statements, and pass the fees to the Responsible Entity. Due to this pass-through process the credit risk is considered minimal. Other receivables are regularly monitored by management.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets as summarised in the table below.

The Company does not hold any collateral as security over its receivables and loans.

Note 21. Financial instruments (continued)

	2021 $'000	2020 $'000
Financial Assets		
Cash and cash equivalents	11,222	9,705
Trade and other receivables	27,174	24,834
Financial assets at fair value through profit or loss	458	264
Other investments	9,036	9,036
Receivables / (Payables) from (to) related party	158	(1,285)
	48,048	42,554

There are no significant concentrations of credit risk within the Company, with the exception of balances held with other entities within the Group.

The Company does not hold any Other financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The credit quality of the financial assets that are neither past due nor impaired as at balance date was consistent with that described above, and management assesses the credit risk associated with these reported balances as being minimal. Information in relation to impaired receivables and past due but not impaired receivables is included below.

As at 30 June 2021, $74,797 trade receivables of the Company were past due (2020: $191,099). The amount of the impairment provision was $nil (2020: $106,000).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimated credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Liquidity risk
Robust liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets designated at fair value through profit or loss	-	458	-	458
Total assets	-	458	-	458

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets designated at fair value through profit or loss	-	264	-	264
Total assets	-	264	-	264

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

Note 23. Key management personnel disclosures

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

Mr Robert Bloore
Mr Alan Chonowitz
Ms Caroline Colley
Ms Karen Gibson
Ms Jane Harvey
Mr Lindsay Smartt
Mr Geoffrey Walsh

Other key management personnel

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

Mr Renato Mota (Chief Executive Officer)
Mr David Chalmers (Chief Financial Officer)

Note 23. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	2021 $	2020 $
Short-term employee benefits	3,018,906	650,894
Post-employment benefits	-	35,844
Share-based payments	485,884	65,482
	3,504,790	752,220

Payments to Directors and key management personnel are made on behalf of the Company, by a related entity in the Group. The amounts paid include amounts paid for services provided to other companies in the Group. As there is no reasonable basis of apportionment between these companies, the full amount paid is shown.

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company, and its network firms:

	2021 $	2020 $
Audit services - KPMG		
Audit of the financial statements	91,842	91,842
Other services - KPMG		
Other regulatory audit services	129,597	129,597

All amounts payable to the Auditors of the Company were paid by a related company within the Group.

Note 25. Related party transactions

Ultimate parent entity
I.O.O.F. Investment Management Limited's parent is IOOF Holdings Ltd. IOOF Holdings Ltd is incorporated in Australia.

Key management personnel
Disclosures relating to key management personnel are set out in note 23.

Transactions with related parties
The following transactions occurred with related parties:

	2021 $	2020 $
Other transactions:		
Service and marketing fees paid to related entities	2,333,715	5,823,836
Service fees paid to IOOF Service Co Pty Ltd	123,204,723	158,209,751

Note 25. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021 $	2020 $
Receivables:		
Receivables from related entities	158,459	-
Current Payables:		
Payables to related entities	-	1,285,032
Investments:		
Investments held with related party trusts	457,687	263,583

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

In the prior year, the Company joined to the IOOF Group Syndicate Facility Agreement as a guarantor. As a guarantor, the Company become liable for the obligations (including repayment of debt, limitations on acquisitions and divestments) of the Borrowers, being IOOF Holdings Ltd (IHL), IOOF Service Co Pty Ltd and Australian Wealth Management Ltd. Each of these Borrowers support the continued operations and capital management of the Company. The Company's liability to the obligation excludes the assets the Company holds to meet its ORFR obligations.

The Company has received and as it is in the interests of members, accepted a letter of financial commitment from IHL for the reimbursement to IES members of a portion of the administration fee. The Company is engaging with IHL to process the reimbursement.

Terms and conditions
All transactions were made on normal commercial terms and conditions.

Note 26. Reconciliation of profit after income tax to net cash from operating activities

	2021 $'000	2020 $'000
Profit after income tax expense for the year	15,923	15,849
Adjustments for:		
Amortisation	903	905
Net loss/(gain) on disposal of assets	(194)	16
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,340)	22,386
Increase in deferred tax assets	(896)	-
Decrease in prepayments	-	140
Decrease in other operating assets	111	13
Decrease in trade and other payables	(747)	(19,759)
Increase in deferred tax liabilities	-	459
Net cash from operating activities	12,760	20,009

Note 27. Structured entities

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

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

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

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

The Company is the sponsor of a superannuation fund for which it acts as Trustee. The Company did not have any interest in this SE during the period ended 30 June 2021, other than the fee income it receives for its trustee services. The superannuation fund is not consolidated by the Company.

During the period, the Company recognised income of $149,047,484 (2020: $215,161,597) from its sponsored unconsolidated SE, in the form of management fees.

Note 28. Contingent liabilities

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

As identified in Note 25, the Company is party to the IOOF Group Syndicate Facility Agreement as a guarantor. At the date of this report, there is no financial obligation for the Company under this agreement.

As part of the operations of the business, the Company has been subject to various legal actions and claims. The Directors are of the view that the claims will not result in a significant loss to the Company, and as such no provision is required (2020: $nil).

Note 29. Liability as a trustee

The Company acts as a Trustee for a number of superannuation funds.

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

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

Note 30. Commitments

The Company does not have any non-cancellable capital expenditure commitments not already recognised or provided for (2020: $nil).

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

I.O.O.F. Investment Management Limited
Directors' declaration
30 June 2021

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

a) in the Directors' opinion, the financial statements of the Company and the notes thereto, have been prepared in accordance with the *Corporations Act 2001*, including that:
   i. they comply with applicable Australian Accounting Standards and the *Corporations Regulations 2001*
   ii. they give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance represented by the results of its operations and its cash flows, for the year ended on that date; and
   iii. the financial statements and notes to the financial statements of the Company comply with International Financial Reporting Standards as described in Note 2; and

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

Signed in accordance with a resolution of the Directors, made pursuant to section 295(5)(a) of the *Corporations Act 2001* for the year ended 30 June 2021.

On behalf of the Directors

Geoffrey Walsh
Director

20 August 2021

Independent Auditor's Report

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

Opinion

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

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

- giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2021;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

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

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

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

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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our Auditor's Report.

KPMG

Maria Trinci

Partner

Melbourne

20 August 2021

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