

Centuria Life Limited And Controlled Entities

ABN 79 087 649 054

**Consolidated financial report
For the year ended 30 June 2023**

Directors' Report For the year ended 30 June 2023

The directors present their report together with the consolidated financial statements of Centuria Life Limited ("the Society") for the financial year ended 30 June 2023 and the auditor's report thereon.

Directors

The following persons were directors of Centuria Life Limited during the whole of the financial year and up to the date of this report:

Mr Garry S. Charny
Mr Peter J. Done
Mr John R. Slater
Mr John E. McBain
Ms Natalie Collins
Mr Jason C. Huljich

The above named directors held office during the entire financial year and up to the date of this report, unless otherwise noted.

Company secretary

Anna Kovarik was appointed to the position of company secretary on 5 July 2018.

Principal activities

The principal activities of the Society during the financial year were the marketing and management of investment products, principally friendly society investment bonds. There was no significant change in the nature of these activities during the year.

Operating and financial review

The net profit for the year was \$2,113,000 (2022: net profit \$6,603,000) after providing for income tax expense relating to shareholders of \$1,049,000 (2022: \$2,496,000).

Change in state of affairs

There were no significant changes in the state of affairs of the Society during the financial year.

Dividends

A dividend of \$1,300,000 during the financial year ended 30 June 2023 was paid to Centuria Capital Limited (CCL), the ultimate parent of the Society (2022: \$5,500,000).

Events subsequent to the reporting date

Other than the above, there have not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Society, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society, in future financial years.

Likely developments

The Society's key focus continues to be on growing Funds Under Management through creating new and innovative products that meet market demand, prudent investment decision making and maintaining informative and regular policyholder communication.

The Society is currently in the process of increasing its product offering to policyholders to provide further investment choice and flexibility, to attract new policyholder investment as well as organically increase existing Funds Under Management.

Directors' Report
For the year ended 30 June 2023

Environmental regulation

The Society's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of a State or Territory legislation.

Indemnification of officers and auditors

Centuria Capital Limited ("CCL") has agreed to indemnify all current directors and Executive Officers of the Society against liabilities (including liability for costs and expenses) for an act or omission in the capacity of director or Executive Officer of the Society. This agreement does not apply to the extent that the Corporations Act expressly prohibits or limits the indemnification of directors or Executive Officers.

Subject to any limitations imposed by the Corporations Act, CCL will continue to indemnify each director or Executive Officer for a period of seven years after the date on which the person ceases to be a director or Executive Officer of the Society.

The directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the Directors' and Officers' Liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contracts. CCL has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Society or any related body corporate against a liability incurred as such an officer or auditor.

**Directors' Report
For the year ended 30 June 2023**

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the year ended 30 June 2023.

Rounding of amounts to the nearest thousand dollars

The Society is an entity of a kind referred to in the ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is signed in accordance with a resolution of the Directors.



Mr Garry S. Charny
Director
Sydney



Mr Peter J. Done
Director

Sydney
26 September 2023



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

To the Directors of Centuria Life Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Centuria Life Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Leann Yuen
Partner

Sydney

26 September 2023

Consolidated statement of comprehensive income

For the year end 30 June 2023

	Note	2023 \$'000	2022 \$'000
Revenue	C1(a)	14,870	13,834
Net gain on property disposal		-	1,075
Profit/(loss) on investment	C1(b)	7,037	(24,848)
Share of profit from equity accounted associate	F1	507	1,766
		<u>22,414</u>	<u>(8,173)</u>
Employee benefits expense	C2	(3,906)	(3,648)
Administration fees		(373)	(920)
Other expenses	C3	(1,643)	(2,162)
Redemption expenses - benefit funds with DPF	C4	-	(165)
Net movement in policyholders funds - benefits funds	C4	(10,001)	17,414
Profit before tax		<u>6,491</u>	<u>2,346</u>
Income tax (expense) relating to shareholders		(1,049)	(2,496)
Income tax (expense)/benefit relating to Benefit Funds		(3,329)	6,753
Total income tax (expense)/benefit	C6(a)	<u>(4,378)</u>	<u>4,257</u>
Profit for the year		<u>2,113</u>	<u>6,603</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		<u>2,113</u>	<u>6,603</u>

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
Cash and cash equivalents		55,523	46,919
Trade and other receivables	D1	3,198	4,231
Financial assets at fair value through profit or loss	D2	233,009	257,328
Investments accounted for using the equity method	F1	-	35,416
Prepayments		55	70
Plant and equipment		18	18
Deferred tax assets	C6(c)	1,230	2,808
TOTAL ASSETS		293,033	346,790
LIABILITIES			
Trade and other payables	D3	2,038	5,808
Income tax payable	C6(b)	671	1,150
Deferred tax liabilities	C6(c)	2,846	1,002
Provisions		380	380
Policyholders funds	D4	278,793	270,558
TOTAL LIABILITIES		284,728	278,898
NET ASSETS		8,305	67,892
EQUITY			
Contributed equity	D5	5,000	65,400
Retained earnings		3,305	2,492
TOTAL EQUITY		8,305	67,892

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Note	Issued capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2021		30,000	1,389	31,389
Profit for the period		-	6,603	6,603
Share capital issued		35,400	-	35,400
Return of surplus share capital		-	-	-
Dividend paid		-	(5,500)	(5,500)
Balance at 30 June 2022		65,400	2,492	67,892
Balance at 1 July 2022		65,400	2,492	67,892
Profit for the period		-	2,113	2,113
Share capital issued		-	-	-
Return of surplus share capital	D5	(60,400)	-	(60,400)
Dividend paid		-	(1,300)	(1,300)
Balance at 30 June 2023		5,000	3,305	8,305

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Applications received by unit linked funds (no DPF)		23,630	27,801
Interest received		2,045	461
Management fees received		3,372	4,934
Dividends received		8,316	8,694
Rental received		-	441
Coupon income received		-	841
Other income received		596	584
Redemption paid from bonus funds (with DPF)		-	(165)
Redemption paid from unit linked funds (no DPF)		(24,169)	(44,572)
Cash paid to suppliers and employees		(6,957)	(4,812)
Income tax paid		(1,765)	(3,260)
Net cash provided by/(used in) operating activities	E2	5,068	(9,053)
Cash flows from investing activities			
Payments for plant and equipment		-	(90)
Payments for property held for development		-	(4,775)
Net inflows for disposal of financial assets		31,823	6,474
Distributions received from associates		655	1,500
Proceeds from sale of development property		-	26,338
Purchase of investments in associates		-	(35,400)
Disposal of investments in associates		31,060	-
Net cash provided by/(used in) investing activities		63,538	(5,953)
Cash flows from financing activities			
Net (payments)/receipts from related parties		(27,202)	2,542
Proceeds from issues of shares		-	35,400
Return of share capital		(31,500)	-
Dividends paid		(1,300)	(5,500)
Net cash (used in)/provided by financing activities		(60,002)	32,442
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		46,919	29,483
Cash and cash equivalents at end of year	E1	55,523	46,919

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements For the year ended 30 June 2023

A1 General information

Centuria Life Limited (“the Society”) is a for-profit public entity, limited by shares and guarantee, incorporated and operating in Australia. The Society’s registered office and its principal place of business is as follows:

Level 47
101 Collins Street
Melbourne VIC 3000
Tel: 1300 50 50 50

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the directors on 26 September 2023.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for derivative financial instruments, financial assets at fair value through profit or loss and other financial assets, which have been measured at fair value at the end of each reporting period. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the company’s functional currency, unless otherwise noted.

The consolidated statement of financial position is prepared with the assets and liabilities presented broadly in order of liquidity. The assets and liabilities comprise both current amounts (expected to be recovered or settled within 12 months after the reporting date) and non-current amounts (expected to be recovered or settled more than 12 months after the reporting date).

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Society and entities controlled by the Society (subsidiaries). The Society 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Society, as prescribed by AASB 10 *Consolidated Financial Statements* is required to recognise the assets, liabilities, income, expenses and equity of the Benefit Funds which it manages, in its consolidated financial statements.

The accounting policies of the Benefits Funds have been changed where necessary to align them with the policies adopted by the Society. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The Benefit Fund operations of the Society comprise the issue and administration of contracts governed under the Life Insurance Act 1995 (Life Act). For the purposes of the consolidated financial statements these are classified as Benefit Funds without discretionary participation features (unit linked funds), which are classified as investment contracts under AASB 1038.

For the purposes of this financial report, holders of both bonus and unit linked funds are referred to as policyholders. Monies held in the Benefit Funds are subject to distribution and transfer restrictions pursuant to the Life Act.

Information concerning the management fund on a standalone basis is included in Note B Segment information.

A1 General information (continued)

Going concern

The financial report has been prepared on a going-concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Recent volatilities in international and Australian markets have been experienced and may have impact on the ability of funds managed by the Society to meet their obligations. The Society has completed an extensive assessment on key investments and receivables and remains confident that it will be able to continue as a going concern.

Rounding of amounts

The Society is an entity of a kind referred to in ASIC Legislative Instrument 2016/191, related to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off, in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

A2 Significant accounting policies

The accounting policies and methods of computation in the preparation of the consolidated financial statements are consistent with those adopted in the previous financial year ended 30 June 2022 with the exception of the adoption of new accounting standards outlined below or in the relevant notes to the consolidated financial statements.

When the presentation or classification of items in the consolidated financial statements has been amended, comparative amounts are also reclassified, unless it is impractical. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

These financial statements contain all significant accounting policies that summarise the recognition and measurement basis used and which are relevant to provide an understanding of the financial statements. Accounting policies that are specific to a note to the financial statements are described in the note to which they relate, unless included below.

Unit prices

Unit prices, for the unitised Benefit Funds, are determined in accordance with the Benefit Fund's rules and are calculated as the net assets attributable to unit holders of the fund, divided by the number of units on issue.

Investments in associates

Associates are those entities in which the Society has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Society's share of the profit or loss and OCI of associates, until the date on which significant influence ceases.

A2 Significant accounting policies (continued)

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Society at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

A3 Other new Accounting Standards and Interpretations

The AASB has issued new or amendments to standards that are first effective from 1 July 2022.

The following amended standards and interpretations do not have a significant impact on the Society's financial statements.

Standards now effective

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2022 and Other Amendments

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipments, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture.

Standards not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Society has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Society's consolidated financial statements.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

AASB 17 Insurance Contracts

AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts

AASB 2022-1 Amendments to Australian Accounting Standards - Initial application of AASB 17 and AASB 9 - Comparative Information

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AASB 2021-7(a-c) Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A4 Critical accounting judgements and key sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense that are not readily apparent from other sources. The judgements, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note G1.

Summary of significant actuarial methods and assumptions

A Financial Condition Report was prepared by the Society's Appointed Actuary, Mr Sean McGing. This report covers Benefit Fund liabilities and prudential reserves. The effective date of the report is 30 June 2023. The amount of the Benefit Fund liabilities has been determined in accordance with the methods and assumptions disclosed in the Financial Condition Report, described below. The Appointed Actuary is satisfied as to the accuracy of the data from which the amount of the policyholder's fund liabilities has been determined.

The policy liabilities for Benefit Funds are determined in accordance with Prudential Standard LPS 340 issued by APRA under the Life Insurance Act 1995.

Policy liabilities for Benefit Funds, other than the Funeral Benefit Fund, are valued using the accumulation method and are equal to the contributions made by members, net of fees, together with bonus additions to date. The balance of the fund is the unvested policyholder benefit liabilities (or surplus). Each year's bonus declaration results in a movement from unvested policyholder benefit liabilities to the vested policy liability. The bonus rate is limited to ensure that the amount vesting is no more than the distributable portion of unvested policyholder benefit liabilities.

For the Funeral Benefit Fund, the policyholder liability has been taken to be the value of assets of the fund net of other liabilities less the value of the current period bonus. This liability represents the present value of guaranteed benefits (pre-bonus) plus the present value of future bonuses. Following declaration of the bonus, there would then be no surplus under this arrangement. The Society is entitled to deduct 1.5% of the fund's assets from investment earnings for expense allowances. It has been assumed that interest will be earned in future years at rates after tax sufficient at least to meet the level of expense.

The main variables that determine the bonus rate for a Benefit Fund are the value of the net assets of each Benefit Fund at the end of the year, the amounts standing to the credit of each investment account through the previous year and the investment return (net of fees and taxes where applicable) earned by the fund throughout the year. The excess of the net assets of the Benefit Fund over the liabilities after meeting the prudential standards is the surplus that is generally able to be distributed to members as a bonus. Following the conversion from the bonus funds to unithised funds, no bonus is required going forward.

There is no provision in the Benefit Funds' rules for any surplus to be transferred to the Management Fund. The Management Fund receives specified fee transfers from the funds to cover expenses. All remaining assets are to be used to provide benefits to members. Hence there is no profit and consequently, no need for a profit carrier.

Changes in economic conditions and demographics will alter the unallocated surplus. The Capital Requirements, as set by APRA, aim to ensure there is sufficient unallocated surplus to cover the effect of these changes.

Expense Margin

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

About this report

A4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Summary of significant actuarial methods and assumptions (continued)

Solvency and Capital Adequacy

Friendly Societies are required to hold prudential reserves over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of reserves required to be held is laid down by the Life Insurance Act 1995 and accompanying standards. These standards are Prudential Standards LPS 100 and LPS 110. These standards have been met for the Benefit Funds as at 30 June 2023.

Involvement with unconsolidated structured entities

The Society has concluded that unlisted unit trusts in which it invests, but does not consolidate, meet the definition of structured entities because:

- The voting rights in the trusts are not dominant rights in deciding who controls them because they relate to administrative tasks only;
- Each trust's activities are restricted by its prospectus; and
- The trusts have narrow and well-defined objectives to provide investment opportunities to investors.

B Segment information

The Society's reportable segments have been presented based on product groupings used by the chief operating decision maker of the Society in making resource allocation decisions. The accounting policies of reportable segments are the same as the Society's accounting policies.

Following is an analysis of the Society's revenue and results by reportable segment.

Segment Profit and Loss

		Unitised							
		Bonus Rated	Benefit Funds	Unitised	Benefit Funds	Management	Eliminations	Total	
		Benefit Funds	Investment	Benefit Funds	Life Goals (3)	Fund	\$'000	\$'000	\$'000
		(1)	(2)	(3)	(4)	(5)			
		\$'000	\$'000	\$'000	\$'000	\$'000			
30 June 2023									
Other income		-	160	-	-	684	-	-	844
Rental income		-	-	-	-	-	-	-	-
Coupon income		-	-	-	-	-	-	-	-
Net (loss) of property investment disposal		-	-	-	(187)	-	-	-	(187)
Share of net profit of equity accounted investment		-	-	-	507	-	-	-	507
Investment income		-	12,993	-	4,260	631	-	-	17,884
Management fees		-	-	-	-	7,449	(4,083)	-	3,366
Total revenue and gains		-	13,153	4,260	9,084	9,084	(4,083)	(4,083)	22,414
Redemption expense		-	-	-	-	-	-	-	-
Investment management expenses		(6)	(3,689)	(388)	(373)	-	4,083	-	(373)
Other expenses (4)		5	(7,175)	(2,831)	(5,549)	-	-	-	(15,550)
Total expenses		(1)	(10,864)	(3,219)	(5,922)	(5,922)	4,083	4,083	(15,923)
Profit before tax		(1)	2,289	1,041	3,162	3,162	-	-	6,491
Income tax expense		1	(2,289)	(1,041)	(1,049)	(1,049)	-	-	(4,378)
Profit after income tax and financing costs		-	-	-	2,113	2,113	-	-	2,113

Segment information

- (1) In FY2021, there were four capital guaranteed bonus funds, being Centuria Capital Guaranteed Bond Fund, Centuria Income Accumulation Bond Fund, Centuria Funeral Benefit Fund and Deferred Annuity Fund. In December 2021, three of the capital guaranteed bonus funds, being Centuria Capital Guaranteed Bond Fund, Centuria Funeral Accumulation Bond Fund, Centuria Funeral Benefit Fund, converted from capital guaranteed bonus funds to unitised funds. From the date of conversion, Centuria Capital Guaranteed Bond Fund and Centuria Income Accumulation Bond Fund changed their names to Centuria Capital Stable Fund No.1 and Centuria Capital Stable Fund No.2 respectively. Deferred Annuity Fund is in the process of winding up and at 30 June 2022 there were no members left in this fund. In accordance with APRA requirements, the previous three capital guaranteed bonus funds are deemed as unitised funds from 1 July 2021. As a result, they are classified and presented as unitised funds from 1 July 2021. At 30 June 2022 only Deferred Annuity Fund was classified and presented as a bonus fund.
- (2) Centuria Growth Bond Fund, Centuria Balanced Bond Fund, Centuria Australian Shares Bond Fund, Centuria Implemented Portfolios Bond Fund, Centuria Providence Investment Fund, RAM US Dollar High Yield Hybrid Income Fund, RAM Australia Credit Fund, RAM Australian Multi-Asset Growth Fund, RAM Australian Property Fund, and three ex Bonus funds, being Centuria Capital Stable Fund No.1, Centuria Capital Stable Fund No. 2, Centuria Funeral Benefit Fund, Centuria DWA CARE High Growth Fund and Centuria DWA Genuine Edge Fund.
- (3) Centuria AB Managed Volatility Equities Fund, Centuria Alphinity Sustainable Share Fund, Centuria Bennelong Concentrated Aus Equities Fund, Centuria BetaShares Gearing Aus Equity Fund (hf), Centuria Fidelity Future Leaders Fund, Centuria Firetrail Australian High Conviction Fund, Centuria Greencape Broadcap Fund, Centuria Vanguard Australian Shares Index Fund, Centuria BetaShares Aus Inv Grade Corp Bond ETF, Centuria Pandal Short Term Income Securities Fund, Centuria Pimco Australian Bond Fund, Centuria Pimco Global Bond Fund, Centuria Vanguard Aus Fixed Interest Index Fund, Centuria MLC WHL Horizon 4 Balanced Portfolio, Centuria Russell Investments Balanced Fund, Centuria Pandal Sustainable Balanced Fund, Centuria Vanguard Diversified Balanced Index Fund, Centuria MLC WHL Horizon 5 Growth Portfolio, Centuria Russell Investments Growth Fund, Centuria Schroder Real Return CPI + 5% Fund, Centuria Vanguard Diversified Growth Index Fund, Centuria Magellan Global Fund, Centuria T.Rowe Price Global Equity Fund, Centuria Vanguard International Shares Index Fund, Centuria Vanguard Int Small Companies Index Fund, Centuria Walter Scott Global Equity Fund Unhedged, Centuria Magellan Infrastructure Fund, Centuria Vanguard Aus Prop Securities Index Fund and Centuria LifeGoals Vanguard Diversified High Growth Index Fund.
- (4) Other Expenses includes the movement in net policyholder liabilities for the Bonus Rated Benefit Funds, Unitised Benefit Funds Investment Bonds and Unitised Benefit Funds Life Goals.

Segment information

	Bonus Rated Benefit Funds(1) \$'000	Unitised Benefit Funds Investment Bonds (2) \$'000	Unitised Benefit Funds Life Goals (3) \$'000	Management Funds Fund \$'000	Eliminations \$'000	Total \$'000
30 June 2022						
Other income	-	42	-	1,632	(1,056)	618
Rental income	-	-	-	441	-	441
Coupon income	-	-	-	841	-	841
Net gain of property disposal	-	-	-	1,075	-	1,075
Share of net profit of equity accounted investment	-	-	-	1,766	-	1,766
Investment income	-	(13,448)	(4,430)	5	-	(17,873)
Management fees	-	-	-	10,068	(5,109)	4,959
Total revenue	-	(13,406)	(4,430)	15,828	(6,165)	(8,173)
Redemption expense	(165)	-	-	-	-	(165)
Investment management expenses	-	(4,810)	(299)	(920)	5,109	(920)
Other expenses(4)	165	12,983	3,209	(5,809)	1,056	11,604
Total expenses	-	8,173	2,910	(6,729)	6,165	10,519
Profit before tax	-	(5,233)	(1,520)	9,099	-	2,346
Income tax expense	-	5,233	1,520	(2,496)	-	4,257
Profit after income tax and financing costs	-	-	-	6,603	-	6,603

Segment information

Segment Assets and Liabilities

	Bonus Rated Benefit Funds \$'000	Benefit Funds Investment \$'000	Benefit Funds Life Goals \$'000	Benefit Funds Management Fund \$'000	Eliminations \$'000	Total \$'000
30 June 2023						
Investment assets	-	175,528	57,481	-	-	233,009
Investment accounted for using equity method	-	-	-	-	-	-
Cash assets	-	44,978	416	10,129	-	55,523
Other assets	-	2,124	583	1,001	(437)	3,271
Tax receivable	-	45	18	-	-	63
Deferred tax assets	-	360	870	-	-	1,230
Total assets	-	223,035	59,368	11,130	(437)	293,096
Other liabilities	-	(569)	(412)	(1,874)	437	(2,418)
Current tax liabilities	1	(209)	(190)	(336)	-	(734)
Deferred tax liabilities	-	(2,163)	(68)	(615)	-	(2,846)
Policyholders' funds	(1)	(220,094)	(58,698)	-	-	(278,793)
Total liabilities	-	(223,035)	(59,368)	(2,825)	437	(284,791)
Net assets	-	-	-	8,305	-	8,305
Policyholder funds liabilities	(6)	(229,751)	(40,801)	-	-	(270,558)
Balance at beginning of the financial year	-	-	-	-	-	-
Bonus funds opening balances converted to unitised funds	-	(4,126)	(18,721)	-	-	(22,847)
Applications received	-	20,958	3,655	-	-	24,613
Redemptions paid	-	-	-	-	-	-
Allocation of surplus to policyholders	-	-	-	-	-	-
Seed capital returned to Centuria Life Limited	5	(7,175)	(2,831)	-	-	(10,001)
Undistributed profit	(1)	(220,094)	(58,698)	-	-	(278,793)
Total policyholders' funds at end of financial year	(1)	(220,094)	(58,698)	-	-	(278,793)

Segment information

	30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		Bonus Rated Benefit Funds Bonds	Investment Benefit Funds	Life Goals Benefit Funds	Management Fund	Eliminations	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment assets		-	219,618	37,710	-	-	-	257,328	
Investment accounted for using equity method					35,416			35,416	
Cash assets		6	9,152	345	37,416			46,919	
Other assets		-	1,911	1,539	1,149		(281)	4,318	
Tax receivable			598	15				613	
Deferred tax assets			1,119	1,591	98			2,808	
Total assets		6	232,398	41,200	74,079	(281)	(281)	347,402	
Other liabilities		-	(254)	(27)	(6,187)		281	(6,187)	
Tax liabilities		-	(1,399)	(364)				(1,763)	
Deferred tax liabilities		-	(994)	(8)				(1,002)	
Policyholders' funds		(6)	(229,751)	(40,801)				(270,558)	
Total liabilities		(6)	(232,398)	(41,200)	(6,187)	281	(281)	(279,510)	
Net assets		-	-	-	67,892	-	-	67,892	
Policyholder funds liabilities									
Balance at beginning of the financial year		(141,239)	(135,022)	(27,383)				(303,644)	
Bonus funds opening balance concerted to unitised funds		141,068	(141,068)			1,056		1,056	
Applications received		-	(8,948)	(20,546)				(29,494)	
Redemptions paid		-	41,091	3,919				45,010	
Allocation of surplus to policyholders		165	-					165	
Seed capital returned to Centuria Life Limited		-	1,056				(1,056)	-	
Undistributed profit		-	13,140	3,209				16,349	
Total policyholders' funds at end of financial year		(6)	(229,751)	(40,801)	-	-	-	(270,558)	
		(6)	(229,751)	(40,801)	-	-	-	(270,558)	

C Income and Expenses

C1 Income

(a) Revenue

	2023 \$'000	2022 \$'000
Interest received	2,045	434
Dividends/distributions received	8,615	6,541
Management fees	3,366	4,959
Rent received*	-	441
Coupon income*	-	841
Other income	844	618
	<u>14,870</u>	<u>13,834</u>

*Rental income and Coupon income are both related to 209 Cotham Road property development, which was sold during FY2022.

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Management fees

Management fees are recognised on an accruals basis when the Society has the right to receive payment.

Dividend and distribution revenue

Dividend and distribution revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Society and the amount of revenue can be measured reliably).

Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Society and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding using the effective interest rate method.

Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.

Coupon income

Services are provided to property funds in accordance with the fund constitutions. The revenue is recognised when the specific service is delivered and consideration is due 30 days from invoice date.

(b) Gain/(Loss) on Investments

	2023 \$'000	2022 \$'000
Net unrealised gains/(losses) on financial assets	8,658	(29,020)
Net (losses)/gains on sale of financial assets	(1,621)	4,172
	<u>7,037</u>	<u>(24,848)</u>

Income and Expenses

C2 Employee benefit expenses

	2023 \$'000	2022 \$'000
Wages and salaries	3,601	3,407
Payroll taxes	181	124
Other associated personnel expenses	124	117
	<u>3,906</u>	<u>3,648</u>

Recognition and measurement

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Transactions with key management personnel

The following were considered key management personnel of the Company during the year:

- Garry Charny (Independent Non-Executive Director and Chairman)
- Peter Done (Independent Non-Executive Director)
- John Slater (Independent Non-Executive Director)
- Natalie Collins (Independent Non-Executive Director)
- Jason Huljich (Executive Director and Joint Chief Executive Officer)
- John McBain (Executive Director and Joint Chief Executive Officer)
- Simon Holt (Chief Financial Officer)

During the current financial year, the key management personnel compensation, was incurred in full by the immediate and ultimate parent entity Centuria Capital Limited. The amounts set out below relates to compensation received by key management personnel that has been allocated to the Society on a proportionate basis.

	2023 \$	2022 \$
Key management personnel compensation		
Short term benefits	639,889	583,319
Post employment benefits	28,215	94,340
Other long term benefits	40	2,936
Share based payments	111,443	117,525
	<u>779,587</u>	<u>798,120</u>

Income and Expenses

C3 Other expenses

	2023	2022
	\$'000	\$'000
Consulting and professional fees	418	781
Information systems expenses	377	345
Insurance expenses	200	231
Office administration expenses	53	36
Travel expenses	64	62
Rental expense	244	258
Recruitment and temporary staff	77	48
Depreciation and amortisation expense	102	104
Advertising and marketing expense	27	236
Other general expenses	81	61
	1,643	2,162

C4 Net movement in policyholders' funds

	2023	2022
	\$'000	\$'000
Redemption expenses - benefit funds with DPF	-	(165)
Net profit attributed to fund members with DPF	(5)	-
Seed capital - benefit funds with DPF	-	(1,056)
Net movement in benefit funds with DPF	(5)	(1,221)
Net movement in benefit funds with no DPF	10,006	(16,193)
Net movement in policyholders' funds - benefit funds	10,001	(17,414)

C4 Net movement in policyholders' funds (continued)

Recognition and measurement

The accounting treatment of certain transactions varies depending on the nature of the contract underlying the transaction. The major contract classifications are insurance contracts and investment contracts.

(i) Insurance contracts

Insurance contracts are those containing significant risk at the inception, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Applications and redemptions on insurance contracts with a Discretionary Participation Feature ("DPF") are accounted for through the consolidated statement of comprehensive income. The gross change in the liability to these policyholders for the period, which includes any participating benefits vested in policyholders and any undistributed surplus attributed to policyholders, is also recognised through the consolidated statement of comprehensive income.

(ii) Investment contracts

Contracts not considered insurance contracts are classified as investment contracts. The accounting treatment of investment contracts depends on whether the investment has a DPF. A DPF means a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

- (a) that are likely to be a significant portion of the total contractual benefits;
- (b) whose amount or timing is contractually at the discretion of the issuer; and
- (c) that are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract;
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
 - the profit or loss of the Society, fund or other entity that issues the contract.

Within the bonus funds, annual bonus rates are declared by the Society with guidance of the Appointed Actuary and within the restrictions pursuant to the Life Act; this is considered a DPF. As at 30 June 2023, only one Centuria bonus fund, being Deferred Annuity Fund ("DAF") left with no members. DAF is awaiting APRA's final closure approval.

The value of policyholders' funds in the unit linked funds is solely dependent on the market valuation of the underlying assets therefore there is no discretionary participation feature.

Applications and redemptions on investment contracts without a DPF are accounted for through the statement of financial position as a movement in policyholder liabilities. Distributions on these contracts are charged to the consolidated statement of comprehensive income as a movement in the policyholder liability. Premiums and claims relating to the investment component are accounted for as a deposit through the consolidated statement of financial position.

Income and Expenses

C5 Dividends

	2023 Cents per share	2023 Total \$'000	2022 Cents per share	2022 Total \$'000
Recognised amounts				
Total Dividend (fully franked)	3	1,300	11	5,500

Dividends of \$1,300,000 in respect of the financial year ended 30 June 2023 were paid to parent company, Centuria Capital Limited (2022: \$5,500,000).

C6 Taxation

(a) Income tax recognised in profit or loss

	Notes	2023 \$'000	2022 \$'000
Profit before tax		6,491	2,346
Less: Profit/(Loss) relating to Benefit Funds included in profit before tax		<u>(3,329)</u>	6,753
Profit before tax attributable to the management fund		3,162	9,099
		-	-
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)		949	2,730
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Expenses relating to exempt income and non-allowable expenses		100	(234)
Income tax expense/(benefit) relating to Benefit Funds		<u>3,329</u>	(6,753)
Income tax expense/(benefit)		<u>4,378</u>	<u>(4,257)</u>
Current tax on profits for the year		956	3,802
Deferred tax expense relating to the origination and reversal of temporary differences		<u>3,422</u>	(8,059)
Income tax expense/(benefit)		<u>4,378</u>	<u>(4,257)</u>

(b) Current tax assets and liabilities

	2023 \$'000	2022 \$'000
Current tax liabilities	671	1,150
Income tax payable (to Centuria Capital Limited)	<u>671</u>	<u>1,150</u>

Income and Expenses

C6 Taxation (continued)

(c) Deferred tax balances

	Opening Balance \$'000	Charged to Income \$'000	Closing Balance \$'000
Financial year ended 30 June 2023			
Deferred tax assets			
Unrealised loss on financial assets	2,710	(1,480)	1,230
Other	98	(98)	-
Deferred tax liabilities			
Unrealised gain on financial assets	(1,002)	(1,229)	(2,231)
Other	-	(615)	(615)
	1,806	(3,422)	(1,616)
Presented in the statement of financial position as follows:			
Deferred tax assets			1,230
Deferred tax liabilities			(2,846)
			(1,616)
Financial year ended 30 June 2022			
Deferred tax assets			
Unrealised loss on financial assets	70	2,640	2,710
Other	2	96	98
Deferred tax liabilities			
Unrealised gain on financial assets	(6,325)	5,323	(1,002)
	(6,253)	8,059	1,806
Presented in the statement of financial position as follows:			
Deferred tax assets			2,808
Deferred tax liabilities			(1,002)
			1,806

Recognition and measurement

Income tax expense represents the sum of the tax currently payable and payable on a deferred basis.

The Society is part of a tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the Head Company which is the ultimate parent entity, Centuria Capital Limited.

(i) Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

C6 Taxation (continued)

Recognition and measurement (continued)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets arising are generally recognised for all deductible temporary differences to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Society expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Society intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

D Assets and Liabilities

D1 Trade and other receivables

	2023 \$'000	2022 \$'000
Amount owing by related entities (current assets)	403	436
Sundry debtors (current assets)	100	1,076
Accrued income (current assets)	2,695	2,719
	<u>3,198</u>	<u>4,231</u>

Recognition and measurement

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade and other receivables'. Trade and other receivables are measured at amortised cost using the effective interest method less impairment.

The Society does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Society to the counterparty.

D2 Financial assets at fair value through profit and loss

	2023 \$'000	2022 \$'000
Floating rate notes (current assets)	20,830	10,713
Investments in unit trusts and shares (current assets)	207,661	242,279
Investments in unlisted property trusts (non-current assets)	1,342	1,395
Cashline loans (non-current assets)	1,181	1,181
Other equity investments (non-current)	1,995	1,760
	<u>233,009</u>	<u>257,328</u>

Investments in unit trusts, property trusts and shares

Financial year ended 30 June 2023	Fair value \$'000	Exposure	Maximum exposure to loss \$'000
Type of structured entities			
Unlisted property trusts	1,342	1.00%	1,342
Listed property trusts	13,450	6.00%	13,450
Fixed interest trusts	63,847	27.00%	63,847
Equity trusts	109,322	47.00%	109,322
Other unlisted trusts	21,042	9.00%	21,042
Investments in unit trusts and shares	<u>209,003</u>	<u>90.00%</u>	<u>209,003</u>

Assets and Liabilities

D2 Financial assets at fair value through profit and loss (continued)

Investments in unit trusts, property trusts and shares (continued)

Financial year ended 30 June 2022	Fair value \$'000	Exposure	Maximum exposure to loss \$'000
Type of structured entities			
Unlisted property trusts	1,395	1.00%	1,395
Listed property trusts	15,310	6.00%	15,310
Fixed interest trusts	101,179	39.00%	101,179
Equity trusts	86,616	34.00%	86,616
Other unlisted trusts	39,174	15.00%	39,174
Investments in unit trusts and shares	243,674	95.00%	243,674

The fair value of the exposure changes daily throughout the period and in subsequent periods and will cease once the investments are disposed.

The unconsolidated structured entities are managed in accordance with the investment strategy of the respective fund managers. The return of the unconsolidated structured entities is exposed to the variability of performance of the investment strategies. The fund managers receive a fee for undertaking the management services.

The Society holds investments which are listed on the ASX and are therefore exposed to volatility in the equity capital markets. This volatility has resulted in fair value losses being recognised in the financial year in respect of these investments.

In addition, the Society also holds stakes in other unlisted funds. As these funds are unlisted, they are not exposed to volatility in equity capital markets to the same extent as listed securities, however they are exposed to changes in underlying property values and potential impacts on future cashflows.

Recognition and measurement

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets recognised at FVTPL include mortgage loan receivables and investments in trusts.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Society has determined that all financial assets held are assets backing the policy liabilities of the life insurance business under AASB 1038 Life Insurance Contracts. As these assets are managed on a fair value basis and are reported to the Board on this basis, they have been valued at fair value through profit or loss wherever the applicable standard allows.

Derecognition of financial assets

The Society derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retains substantially all the risks and rewards of ownership of a transferred financial asset, the Society continues to recognise the financial asset.

Assets and Liabilities

D3 Trade and other payables

	2023 \$'000	2022 \$'000
Amounts payable to ultimate parent entity	111	3,196
Sundry creditors ⁽ⁱ⁾	1,927	2,612
	2,038	5,808

⁽ⁱ⁾ Sundry creditors are non-interest bearing current liabilities, payable on commercial terms of 7 to 60 days.

D4 Policyholders' funds

(a) Movement in policyholders' funds

	2023 \$'000	2022 \$'000
Bonus Rated Benefit Funds (with Discretionary Participation Features)		
Opening balance	6	141,239
Net change in policyholders' funds	-	(165)
Seed capital	-	(1,056)
Undistributed profit	(5)	-
Bonus funds converted to Unitised funds*	-	(140,012)
Closing balance	1	6
Unitised Benefit Funds (non Discretionary Participation Features)		
Opening balance	270,552	162,405
Applications received	22,847	29,494
Redemptions paid	(24,613)	(45,010)
Undistributed profit	10,006	(16,349)
Unitised funds converted from Bonus funds*	-	140,012
Closing balance	278,792	270,552
Total policyholders' funds	278,793	270,558

* In December 2021, three of four capital guaranteed bonus funds, being Centuria Capital Guaranteed Bond Fund, Centuria Income Accumulation Bond Fund, Centuria Funeral Benefit Fund, converted from capital guaranteed bonus funds to unitised funds. From the date of conversion, Centuria Capital Guaranteed Bond Fund and Centuria Income Accumulation Bond Fund changed their names to Centuria Capital Stable Fund No.1 and Centuria Capital Stable Fund No.2 respectively. In accordance with APRA requirements, the three previous capital guaranteed bonus funds are deemed as unitised funds from 1 July 2021. As a result, they are classified and presented as unitised funds from 1 July 2021. At 30 June 2023 only Deferred Annuity Fund was classified and presented as a bonus fund. This fund is in the process of winding up and no members left in this fund at 30 June 2023.

Recognition and measurement

Assets held by the Benefit Funds are included in total assets in the consolidated statement of financial position of the Society in accordance with AASB 1038. A corresponding liability labelled "policyholders' funds" is shown in total liabilities in the consolidated statement of financial position. Movement in policyholders' funds shows the movement in bonus funds (with DPF) and unit linked funds (without DPF).

Assets and Liabilities

D4 Policyholders' funds (continued)

(a) Movement in policyholders' funds (continued)

Recognition and measurement (continued)

The liability to bonus fund policyholders is closely linked to the performance and value of the assets (after tax) that back those liabilities. The fair value of such liabilities is therefore the same as the fair value of those assets after tax. In accordance with the rules of the funds, any remaining surplus is attributed to the policyholders of the fund. In accordance with AASB 1038 applications to these funds are recorded as income, redemptions from these funds and amounts distributable to policyholders are recorded as expenses.

The policyholders' funds liabilities for unit linked funds are equal to the number of units held, multiplied by the unit redemption price based on market value of the fund's investments as at the valuation date. Applications to these funds are not recorded as income, redemptions from these funds are not recorded separately as expenses but amounts distributable to policyholders are recorded as an expense. No guarantees are provided by the Society in respect of the unit linked funds.

Claims incurred in respect of the Benefit Funds represent investment withdrawals (redemptions) and are recognised as a reduction in policyholders' funds. Redemptions in respect of bonus funds are also disclosed as an expense as set out above.

(b) Solvency and capital adequacy

Friendly Societies are required to hold prudential reserves over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of reserves required to be held is laid down by the Life Insurance Act 1995 and accompanying standards.

	2023 \$'000	2022 \$'000
Capital Base	8,305	67,794
Prescribed Capital Amount	(717)	(33,399)
Capital in excess of Prescribed Capital Amount	7,588	34,395
Capital Adequacy Multiple (%)	1,158.00%	203.00%
Capital Base comprises:		
Net Assets	8,305	67,892
Regulatory Adjustments applied in calculation of Additional Tier 1 Capital	-	(98)
Common Equity Tier 1 Capital	8,305	67,794
Total Capital Base	8,305	67,794

Assets and Liabilities

D5 Contributed equity

	2023		2022	
	No. of Shares	\$'000	No. of Shares	\$'000
Balance at beginning of the period	48,461,478	65,400	24,379,845	30,000
Shares issued	-	-	24,081,633	35,400
Surplus capital returned	-	(60,400)	-	-
Balance at end of the period	<u>48,461,478</u>	<u>5,000</u>	48,461,478	65,400

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 13 January 2022, the Board of Centuria Life Limited authorised to issue 24,081,633 ordinary shares to its parent, Centuria Capital Limited, in relation to a \$35,400,000 equity raising. All shares issued are fully paid. The proceeds have been used to fund the acquisition of 50% interest in Centuria Agri Logistics REIT III Trust, which changed its name to Centuria Agriculture Fund ("CAF") in July 2022.

In FY2023, the Society collected back all capital deployed to fund the investment in CAF and 209 Cotham Road, Kew, Victoria. As a result, a surplus capital of \$60,400,000 were paid back to Society's parent, Centuria Capital Limited, and no outstanding number of shares has been cancelled following the capital return.

E Notes to the statement of cash flows

E1 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2023 \$'000	2022 \$'000
Cash and cash equivalents	<u>55,523</u>	46,919

E2 Reconciliation of profit for the period to net cash flows from operating activities

	2023 \$'000	2022 \$'000
Profit for the period	2,113	6,603
Adjustment for		
Depreciation	102	104
Net movements in policyholders' funds	8,235	(33,086)
Net gain on sale of financial assets	1,434	(4,172)
Net (gain) on property disposal	-	(1,075)
Net loss on disposal of equity accounted investment - CAF	187	-
Distribution income received - CAF investment	(234)	-
Equity accounted profit	(507)	(1,766)
Net unrealised loss on financial assets	(8,658)	29,020
Change in operating assets and liabilities:		
Trade and other receivables	3,258	1,576
Prepayments	15	(6)
Deferred tax assets	1,578	(2,736)
Trade and other payables	(3,820)	1,398
Deferred tax liabilities	1,844	(5,323)
Increase in income taxes payable	(479)	410
Net cash inflow (outflow) from operating activities	<u>5,068</u>	<u>(9,053)</u>

F Group Structure

F1 Interest in associate

Name of entity	% of ownership interest		Principal activity	Carrying amount	
	30 June	30 June		30 June	30 June
	2023	2022		2023	2022
	%	%	\$'000	\$'000	
Centuria Agriculture Fund*	-	50	Property Investment	-	35,416

Equity accounted investments are classified as non-current.

In February 2022, the Society acquired 50% of Centuria Agri Logistics III REIT (CARIII) for \$35,400,000. From the acquisition, the Society has equity accounted its interest in CARIII.

CARIII changed its name to Centuria Agriculture Fund (CAF) on 20 July 2022. CAF is an unlisted, open-ended agriculture fund, and invests in a selective Australian agricultural portfolio, and targets assets leased to experienced agricultural operators as well as associated agri-logistics assets with correspondingly favourable lease terms.

CAF's registered office and principal place of business is as follows:

Level 41, Chifley Tower, 2 Chifley Square
Sydney NSW 2000

The Society liquidated all its investment in CAF on 3 November 2022.

(a) Carrying amount movements

The below table shows the movement in carrying amounts of equity accounted investments from 1 July 2022 to 30 June 2023.

Carrying amounts of equity accounted investments	Centuria Agriculture Fund	
	2023 \$'000	2022 \$'000
Opening balance as at 1 July	35,416	-
Acquisition of investments	5,962	35,400
Share of net profit	507	1,766
Distributions received / receivable	(421)	(1,750)
Disposal of Investment	(26,340)	-
Transfer from equity accounted investment to financial assets*	(15,124)	-
Closing balance as at 30 June	-	35,416

* From July 2022, the Society started selling down its investment in CAF to external investors. On 1 October 2022, the Society's ownership in CAF dropped to 14%, lower than equity accounting ownership requirement of 20%. Thus the Society discontinued equity accounting and treated the residual investment in CAF as a financial asset through profit and loss from 1 October 2022. The residual investment in CAF was fully sold on 3 November 2023.

(b) Summarised financial information for associates

The tables below provide summarised financial information for those associates at 100%. The information disclosed reflects the amounts presented in the consolidated financial statements of the relevant associates.

Group Structure

F1 Interest in associate (continued)

	Centuria Agriculture Fund	
	2023	2022
	\$'000	\$'000
Revenue	-	6,677
(Loss) on fair value of Investment properties	-	(2,004)
Other expenses	-	(1,044)
Distribution received / receivable	-	(97)
Profit for the period	-	3,532
Other comprehensive income	-	-
Total comprehensive income	-	3,532

(b) Summarised financial information for associates (continued)

	Centuria Agriculture Fund	
	2023	2022
	\$'000	\$'000
Current assets		
Cash and cash equivalents	-	2,128
	-	2,128
Non-current assets		
Other non-current assets	-	177,060
	-	177,060
Current liabilities		
Other current liabilities	-	2,161
	-	2,161
Non-current liabilities		
Borrowings	-	106,196
	-	106,196
Net assets	-	70,831
Fund's share in %	-	50%
Carrying amount	-	35,416

F2 Parent entity disclosure

As at, and throughout the current and previous financial year, the parent entity of the Society was Centuria Life Limited, and the ultimate parent of the Society was Centuria Capital Limited.

	2023	2022
	\$'000	\$'000
Result of parent entity		
Profit for the period	2,113	6,603
Total comprehensive income for the period	2,113	6,603
Financial position of parent entity at year end		
Total current assets	287,267	305,971
Total non-current assets	5,766	40,818
Total assets	293,033	346,789

Group Structure

F2 Parent entity disclosure (continued)

	2023 \$'000	2022 \$'000
Total current liabilities	281,882	277,895
Total non-current liabilities	2,846	1,002
Total liabilities	<u>284,728</u>	<u>278,897</u>
Net assets	8,305	67,892
Total equity of the parent entity comprising of:		
Share capital	5,000	65,400
Retained earnings	3,305	2,492
Total equity	<u>8,305</u>	<u>67,892</u>

G Other

G1 Financial instruments

(a) Management of financial instruments

The Board is ultimately responsible for the Risk Management Framework of the Society.

The Society employs a cascading approach to managing risk, facilitated through delegation to specialist committees and individuals within the Society.

The Society has also established an Investment Committee. The Investment Committee's function is to manage and oversee the Society's investments in accordance with the investment objectives and framework as set down by the Board. Specifically, it has responsibility for setting and reviewing strategic asset allocations, reviewing investment performance, reviewing investment policy, monitoring and reporting on the performance of the investment risk management policy and performing risk management procedures in respect of the investments.

The Society is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Society's risk management and investment policies, approved by the Board, seek to minimise the potential adverse effects of these risks on the Society's financial performance. These policies may include the use of certain derivative financial instruments.

The Society outsources the investment management of the Benefit Funds to specialist investment managers, who provide services to the Society, co-ordinate access to domestic and international financial markets, and manage the financial risks relating to the operations of the Society in accordance with an investment mandate set out in the Society's constitution and the Benefit Funds' product disclosure statements. The Benefit Funds' investment mandates are to invest in equities and fixed interest securities via unit trusts, discount securities and may also invest in derivative instruments such as futures and options.

(b) Capital risk management

The Society manages its capital to ensure that entities in the Society will be able to continue as a going concern while adhering to applicable prudential requirements and Internal Capital Adequacy Assessment Processes (ICAAP's). This overall strategy remains unchanged from the prior year.

The capital structure of the Society consists of cash and cash equivalents, policyholders' funds and equity (comprising issued capital and retained earnings). The Benefit Funds also hold a range of financial assets for investment purposes including investments in unit trusts, equity and floating rate notes. The Investment Committee aims to ensure that there is sufficient capital for possible redemptions by unit holders of the Benefit Funds. The Benefit Funds have no restrictions or specific capital requirements on the application and redemption of units. The Benefit Funds' overall investment strategy remains unchanged from the prior year.

Operating cash flows are used to maintain and, where appropriate, expand the Society's funds under management as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Society reviews regularly its anticipated funding requirements.

The operations of the Society are regulated by APRA and the management fund of the Society has a minimum Prescribed Capital Amount ("PCA") that must be maintained at all times. The PCA is calculated monthly and these results are reported to the Board each month. The Directors believe that for the foreseeable future the PCA will continue to be met. The Benefit Funds are also subject to solvency and capital adequacy requirements. Refer to Note A4 for further discussion.

(c) Fair value of financial instruments

(i) Valuation techniques and assumptions applied in determining fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

G1 Financial instruments (continued)**(c) Fair value of financial instruments (continued)***(i) Valuation techniques and assumptions applied in determining fair value (continued)*

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. Discount rates are determined based on market rates applicable to the financial asset or liability.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
- The fair value of units in trusts is determined by reference to published bid prices at the close of business on the reporting date being the redemption price as established by the underlying fund's responsible entity.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 and 3 in the period.

	2023			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit and loss				
Floating rate notes (current assets)	20,830	-	-	20,830
Investments in unit trust and shares (current assets)	13,450	194,211	-	207,661
Investments in unlisted property trusts (non-current assets)	-	1,342	-	1,342
Cashline loans (non-current assets)	-	-	1,181	1,181
Other equity investments (non-current assets)	-	-	1,995	1,995
Total	34,280	195,553	3,176	233,009

G1 Financial instruments (continued)**(c) Fair value of financial instruments (continued)***(i) Valuation techniques and assumptions applied in determining fair value (continued)*

	2022			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets at fair value through profit and loss				
Floating rate notes (current assets)	10,713	-	-	10,713
Investments in unit trust and shares (current assets)	15,310	226,969	-	242,279
Investments in unlisted property trusts (non-current assets)	-	1,395	-	1,395
Cashline loans (non-current assets)	-	-	1,181	1,181
Other equity investments (non-current assets)	-	-	1,760	1,760
Total	26,023	228,364	2,941	257,328

(ii) Reconciliation of Level 3 fair value measurements of financial assets

2023	Cashline loans \$'000	Other equity investment \$'000	Total \$'000
Opening balance as at 1 July	1,181	1,760	2,941
Acquisitions	-	70	70
Fair value movement		165	165
Closing balance as at 30 June	1,181	1,995	3,176

2022	Cashline loans \$'000	Other Equity investments \$'000	Total \$'000
Opening balance as at 1 July	1,181	-	1,181
Acquisitions	-	1,760	1,760
Closing balance as at 30 June	1,181	1,760	2,941

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society. The Society has adopted a policy of primarily dealing with creditworthy counterparties and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating risk of financial loss from default. The credit risk on financial assets of the Society recognised in the consolidated statement of financial position is generally the carrying amount, net of allowance for impairment loss.

Concentration of risk may exist when the volume of transactions limits the number of counterparties.

(i) Credit risk of loans

Loans are carried at fair value. Concentration of credit risk in relation to loans is demonstrated by the following bands:

G1 Financial instruments (continued)**(d) Credit risk (continued)***(i) Credit risk of loans (continued)*

Loan balance outstanding	2023		2022	
	Number	Balance \$'000	Number	Balance \$'000
\$0 - \$250,000	-	-	-	-
\$250,001 - \$500,000	-	-	-	-
\$500,001 - \$1,000,000	-	-	-	-
\$1,000,001 - plus	1	1,181	1	1,181
		<u>1,181</u>		<u>1,181</u>

(ii) Credit risk on other financial assets

Credit risk on other financial assets such as investments in floating rate notes, standard discount securities and unit trusts is managed through strategic asset allocations with creditworthy counterparties and the on-going monitoring of the credit quality of investments, including the use of credit ratings issued by well-known rating agencies. The exposure of credit risk in respect of financial assets is minimal.

The Society does not have any significant credit risk exposure to any single entity in other financial assets or any group of counterparties having similar characteristics. Other than cash and cash equivalents, no individual investment exceeds 5% of net assets at either 30 June 2023 or 30 June 2022. The ratings in the following table are the equivalent ratings of Standard & Poor's.

Cash and cash equivalents	2023	2022
	\$'000	\$'000
AAA	-	-
AA-	55,523	46,919
A+	-	-
	<u>55,523</u>	<u>46,919</u>

(iii) Credit risk of the Management Fund

The Management Fund has credit risk exposure to the extent that there are outstanding receivables from the ultimate parent entity and other related parties. This risk is covered by recourse to the assets of the related parties. The Management Fund does not have any financial assets that are past due, and the expected credit loss is not considered material.

(e) Liquidity risk

The Society's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The unit holders in the Benefit Funds are able to withdraw their units at any time and the Benefit Funds are therefore exposed to the liquidity risk of meeting unit holders' withdrawals at any time.

The Benefit Funds' listed securities, listed managed investment schemes and unlisted management investment schemes are considered to be readily realisable. The Benefit Funds' other investments included investments in unlisted investments and mortgage loans, which are not traded in an organised market and which generally may be illiquid. As a result, there is a risk that the Benefit Funds may not be able to liquidate all of these investments at their fair value in order to meet their liquidity requirements.

The Benefit Funds' liquidity risks are managed in accordance with the funds' investment strategies. The funds also manage liquidity risk by maintaining adequate banking facilities and through continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The funds overall strategy to liquidity risk management remains unchanged from 2022.

The following tables summarise the maturity profile of the Society's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the funds can be required to pay. The tables include both interest and principal cash flows.

G1 Financial instruments (continued)**(e) Liquidity risk (continued)**

	On Demand \$'000	Less than 3 months \$'000	3 months to 1 year \$'000	1 - 5 years \$'000	5+ years \$'000	Total \$'000
2023						
Trade and other payables	-	2,038	-	-	-	2,038
Life Insurance Contracts (with DPF)	1	-	-	-	-	1
Life Insurance Contracts (no DPF)	278,792	-	-	-	-	278,792
Total financial liabilities	278,793	2,038	-	-	-	280,831
2022						
Trade and other payables	-	5,808	-	-	-	5,808
Life Insurance Contracts (with DPF)	6	-	-	-	-	6
Life Insurance Contracts (no DPF)	270,552	-	-	-	-	270,552
Total financial liabilities	270,558	5,808	-	-	-	276,366

(f) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and price risk. The Society manages the market risk associated with its Benefit Funds by outsourcing its investment management. The Investment Manager manages the financial risks relating to the operations of the Benefit Funds in accordance with an investment mandate set out in the Benefit Funds' constitution and product disclosure statement. There has been no change to the Society's exposure to market risks or the manner in which it manages and measures the risk.

(i) Interest rate risk management

The Society's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the funds to cash flow risk, whereas fixed interest rate instruments expose the funds to fair value interest rate risk. The Society monitors the Benefit Funds' exposures to interest rate risk.

The tables below detail the Society's interest-bearing financial assets. There were no interest bearing liabilities subject to interest rate risk during the financial period.

	Variable rate \$'000	Fixed rate \$'000	Total \$'000
2023			
Financial assets			
Cash and cash equivalents	55,523	-	55,523
Floating rate notes	20,830	-	20,830
Fixed interest trusts	-	63,847	63,847
Cashline loans	-	1,181	1,181
Total	76,353	65,028	141,381

G1 Financial instruments (continued)**(f) Market risk (continued)***(i) Interest rate risk management (continued)*

2022	Variable rate \$'000	Fixed rate \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	46,919	-	46,919
Floating rate notes	10,713	-	10,713
Fixed interest trusts	-	101,179	101,179
Cashline loans	-	1,181	1,181
Total	57,632	102,360	159,992

(ii) Interest rate sensitivity

The sensitivity analyses below have been determined based on the Society's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and being held constant throughout the reporting period. A 100-basis point (1%) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the consolidated net profit after tax would increase or decrease by \$71,000 (2022: increase or decrease by \$262,000) and there would be no impact on other equity reserves (2022: nil).

The methods and assumptions used to prepare the sensitivity analysis have not changed in the year. The Benefit Funds' cash, floating rate notes, standard discount securities and mortgage loans expose the Benefit Funds to cash flow and fair value interest rate risk

(g) Foreign currency risk management

The Management Fund is not exposed to foreign exchange risk.

The Benefit Funds may have indirect foreign exchange risk to the United States dollar, Great British pound, Japanese yen, European euro and some other foreign currencies. The sensitivity of this indirect foreign exchange exposure has not been calculated as it is not attributable to the shareholders.

(h) Other price risk

Other price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Benefit Funds have investments in unlisted managed investment schemes, which expose them to price risk. Sensitivity of these amounts to other price risk impacts policyholder liabilities rather than profit and other equity reserve attributable to shareholders.

G2 Remuneration of auditors

	2023 \$	2022 \$
Audit of the financial reports	109,168	101,552
Other services including AFSL and APRA Return audits	11,232	10,448
	120,400	112,000

G3 Related party transactions

The ultimate parent entity of the Society is Centuria Capital Limited. The Society is the sole beneficiary of Over 50s Mutual Benefit Funds Trust.

(a) Equity interests in related parties

In July 2022, the Society invested additional \$5,961,650 in Centuria Agriculture Fund ("CAF"), and subsequently sold out of all its investment in CAF in FY2023. The aggregate proceeds from CAF investment disposal amounts to \$41,276,234.

There were no other equity interests in related parties held at 30 June 2023.

(b) Directors and director-related entities

The directors named in the Directors' Report each held office as a director of the Society for the entire year ended 30 June 2023 unless otherwise stated.

Since 2021 the Board of Centuria Capital Limited, the Society's ultimate and immediate parent, adopted a policy that, as a matter of general principle, third party consultancy fees should not be paid to entities that are related to independent directors. Any directors who are associated with entities that received consulting fees have had their independence tested and confirmed by reference to ASIC guidelines on independence and through an external review. There were no consulting fees paid to directors during the year ended 30 June 2023. (2022: Nil)

There was no remuneration received or receivable by the key management personnel from the Society for services in their capacity as directors.

(c) Transactions with other related parties

All transactions were on normal commercial terms and conditions unless stated otherwise.

(i) Administration and investment services fees

The Society receives fees for administration and investment services that it provides to the Over Fifty Guardian Friendly Society Limited as set out below.

	2023 \$	2022 \$
Administration and investment services fees received from:		
Over Fifty Guardian Friendly Society Limited	3,602,960	4,958,694
Centuria Property Funds Limited	178,593	176,131

G3 Related party transactions (continued)**(c) Transactions with other related parties (continued)***(ii) Distributions*

The following cash distributions were received from investments in related parties during the current financial year:

Centuria Growth Bond Fund received:

- \$819,056 (2022: \$964,278) from Centuria Office REIT
- \$143,231 (2022: \$154,868) from Centuria Industrial REIT
- \$14,019 (2022: Nil) from Centuria Secured Redeemable Notes
- \$39,359 (2022: Nil) from Centuria Bass First Mortgage Fund No. 2
- \$40,970 (2022: Nil) from Centuria Bass First Mortgage Fund No. 3

Centuria Balanced Bond Fund received:

- \$134,995 (2022: \$180,158) from Centuria Office REIT
- \$61,621 (2022: \$79,700) from Centuria Industrial REIT
- \$65,004 (2022: \$65,001) from Centuria Sydney Olympic Park Fund
- \$58,850 (2022: \$58,850) from Centuria Corporate Bond
- \$14,019 (2022: Nil) from Centuria Secured Redeemable Notes
- \$26,240 (2022: Nil) from Centuria Bass First Mortgage Fund No. 2
- \$13,657 (2022: Nil) from Centuria Bass First Mortgage Fund No. 3

Centuria Life Limited received:

\$654,881 (2022: \$1,750,000) from Centuria Agriculture Fund

(iii) Dividend

Dividends of \$1,300,000 in respect of the financial year ended 30 June 2023 were paid to parent company, Centuria Capital Limited (2022: \$5,500,000).

(iv) Investment in Centuria Agriculture Fund

At 30 June 2022, the Society held 35,400,000 units in CAF. In July 2022, the Society paid \$5,961,650 for an additional 5,961,470 units. Between July 2022 and November 2022, the Society sold down 100% of its units in CAF. 9,944,200 units were sold to a related party, Centuria Capital No.2 Fund, for \$9,916,357, at an average price of \$0.9972 per unit.

(v) Capital return and injection

In FY2023, the Society paid surplus capital of \$60,400,000 back to its ultimate parent company, Centuria Capital Limited, following disposal of its investment in CAF. (2022: \$35,400,000 capital injected by Centuria Capital Limited to the Society).

(d) Related party balances*(i) Investment in related parties*

The following table details related party investments carried at fair value through profit or loss:

	Fair Value \$	Units Held	Ownership %
Financial year ended 30 June 2023			
Centuria Growth Bond Fund			
Centuria Office REIT	7,958,201	5,808,906	0.97
Centuria Industrial REIT	2,775,092	895,191	0.14
Centuria Secured Redeemable Notes	749,625	7,500	0.38
Centuria Bass First Mortgage Fund No. 2	750,000	750,000	3.96
Centuria Bass First Mortgage Fund No. 3	807,692	807,692	6.35

Centuria Life Limited 42
30 June 2023

Other

G3 Related party transactions (continued)

(d) **Related party balances (continued)**

(i) *Investment in related parties (continued)*

	Fair Value \$	Units Held	Ownership %
Centuria Balanced Bond			
Centuria Office REIT	1,311,656	957,413	0.16
Centuria Industrial REIT	1,193,900	385,129	0.06
Centuria SOP Fund	1,068,100	1,000,000	3.28
Centuria Corporate Bond	1,143,514	1,177,000	3.85
Centuria Secured Redeemable Notes	749,625	7,500	0.38
Centuria Bass First Mortgage Fund No. 2	500,000	500,000	2.64
Centuria Bass First Mortgage Fund No. 3	269,231	269,231	2.12
Centuria Bass Finance No. 45 - Northbridge	241,276	230,769	3.11

Financial year ended 30 June 2022

Centuria Growth Bond Fund

Centuria Office REIT	9,875,140	5,808,906	1.13
Centuria Industrial REIT	2,515,487	895,191	0.16
Centuria Secured Redeemable Notes	-	-	-
Centuria Bass First Mortgage Fund No. 2	-	-	-
Centuria Bass First Mortgage Fund No. 3	-	-	-

Centuria Balanced Bond

Centuria Office REIT	1,627,602	957,413	0.19
Centuria Industrial REIT	1,082,212	385,129	0.07
Centuria SOP Fund	1,140,900	1,000,000	3.28
Centuria Corporate Bond	1,210,262	1,177,000	3.85
Centuria Secured Redeemable Notes	-	-	-
Centuria Bass First Mortgage Fund No. 2	-	-	-
Centuria Bass First Mortgage Fund No. 3	-	-	-
Centuria Bass Finance No. 45 - Northbridge	-	-	-

(ii) *Related party receivables/(payables) balances*

	2023 \$	2022 \$
Receivable from related parties		
Centuria Property Funds Limited	60,208	102,134
Over Fifty Senior Equity Release Pty Ltd	-	19,729
Over Fifty Guardian Friendly Society Limited	293,921	297,929
Centuria Business Services Pty Limited	41,477	-
	2023 \$	2022 \$
(Payable) to related parties		
Centuria Capital Limited	(110,705)	(3,185,129)
Centuria Property Services Pty Ltd	-	(10,958)
Centuria Funds Management Limited	-	(179,651)

G4 Contingent liabilities and commitments

The Society has no material contractual capital commitments, nor any material contingent liabilities at 30 June 2023.

G5 Events subsequent to the reporting date

There have not arisen in the interval between 30 June 2023 and the date hereof any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Society, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society, in future financial years.

Directors' declaration For the year ended 30 June 2023

In the opinion of the directors of Centuria Life Limited:

- (a) the consolidated financial statements and notes set out on pages 9 to 44 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated Society's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended on 30 June 2023.

The directors draw attention to Note A1 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

For and on behalf of the Board



Mr Garry S. Charny
Director
Sydney



Mr Peter J. Done
Director
Sydney
26 September 2023



Independent Auditor's Report

To the shareholders of Centuria Life Limited

Opinion

We have audited the **Financial Report** of Centuria Life Limited (the Company).

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

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

The **Financial Report** comprises:

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

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

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 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Centuria Life 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
- assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Leann Yuen
Partner

Sydney

26 September 2023