I.O.O.F. Investment Management Limited

ABN 53 006 695 021

Financial Report - 30 June 2020

I.O.O.F. Investment Management Limited
Directors' report
30 June 2020

The Directors present their report, together with the financial statements, on I.O.O.F. Investment Management Limited (the Company) for the year ended 30 June 2020 and the auditor's report thereon.

Directors

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

Mr Robert Bloore
Ms Elizabeth Flynn (resigned 19 March 2020)
Ms Karen Gibson
Mr Geoffrey Walsh
Mr John Selak (resigned 29 August 2019)
Mr Lindsay Smartt (appointed 6 August 2019)
Ms Jane Harvey (appointed 19 March 2020)

Principal activities

The principal activities of the Company during the financial year were to act as Registrable Superannuation Entity under an instrument of approval granted by the Australian Prudential Regulation Authority (APRA). From 30 November 2019, the Company ceased acting as the Responsible Entity for all managed investment schemes and Service Operator for all Investor Directed Portfolio Services (IDPSs), which have been transferred to IOOF Investment Services Limited. From 1 July 2019, the Company ceased acting as Nominee Custodian for investment assets, which has been transferred to Australian Executor Trustees Limited.

Dividends

Dividends paid during the financial year were as follows:

	2020 $'000	2019 $'000
Final dividend for the year ended 30 June 2019 of $0.79 (2018: $0.77) per ordinary share	25,000	24,300
Interim dividend for the year ended 30 June 2020 of $0.81 (2019: $0.59) per ordinary share	25,700	18,700
	50,700	43,000

Review of operations

The profit for the Company after providing for income tax amounted to $15,849,000 (30 June 2019: $33,808,000).

IOOF Holdings Ltd (the ultimate parent company) and its controlled entities (collectively referred to as the IOOF Group or the Group) currently has a transformational strategic focus. The key pillar to this that is relevant for the Company is Evolve21. This pillar is designed to focus, simplify and grow the business to deliver on the strategy of ‘advice-led wealth management’.

Evolve21

Evolve21 is a key enabler to IOOF’s group strategy supporting the three business pillars, being our clients, our business, and our people. It is a programme of work that will simplify the platform suite to one contemporary and simplified platform offering by the end of the 2021 calendar year. Evolve21 is critical to IOOF’s ability to deliver improved client outcomes through efficiency, sustainability and our ability to innovate.

In December 2018, the IOOF Group received a notice from the Australian Prudential Regulation Authority (APRA) that it sought to impose licence conditions on IOOF’s APRA-regulated entities, along with court proceedings and a show cause notice from APRA in relation to alleged breaches of the Superannuation Industry (Supervision) Act 1993. The IOOF Group agreed to licence conditions relating to its three APRA Regulated Entity subsidiaries, including I.O.O.F. Investment Management Limited. The Company has been compliant with its licence conditions throughout the financial year.

On 20 September 2019, the Federal Court held that IOOF’s APRA regulated entities did not contravene the Superannuation Industry (Supervision) Act 1993, and subsequently APRA’s court action against IOOF has concluded.

Matters subsequent to the end of the financial year

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant volatility in global and domestic financial markets. At the date of signing of the financial statements, there is still significant uncertainty on the likely duration and the ultimate impact COVID-19 will have on world economies. Given the high degree of estimation uncertainty, management cannot reasonably assess or quantify the potential short or longer term financial impact on the Company.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Environmental regulation

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

Company secretary

The Company Secretaries during the financial year were Mr Paul Vine, Ms Varni Thivianathan and Ms Adrianna Bisogni. Mr Paul Vine resigned as Company Secretary on 10 January 2020. Ms Bisogni was appointed as Company Secretary on 19 March 2020.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Mr Robert Bloore	16	17
Ms Elizabeth Flynn	13	14
Ms Karen Gibson	16	17
Mr Geoffrey Walsh	17	17
Mr John Selak	4	4
Mr Lindsay Smartt	17	17
Mr Jane Harvey	3	3

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

Indemnity and insurance of officers

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

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

Rounding of amounts

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

Auditor's independence declaration

The lead auditor’s independence declaration is included on page 4 of the financial report and forms part of the Directors' report for the year ended 30 June 2020.

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

On behalf of the Directors

Geoffrey Walsh
Director

1 September 2020
Melbourne

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit of I.O.O.F. Investment Management Limited for the financial year ended 30 June 2020, there have been:

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

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

KPMG

KPMG

Chris Wooden

Partner

Melbourne

1 September 2020

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I.O.O.F. Investment Management Limited
Statement of comprehensive income
For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	4	366,244	461,792
Other income	5	-	29
Interest revenue		135	309
Expenses			
Service fees and other direct costs	6	(183,082)	(226,656)
Operating expenditure	7	(159,698)	(186,123)
Other expenses	8	(994)	(1,094)
Profit before income tax expense		22,605	48,257
Income tax expense	9	(6,756)	(14,449)
Profit after income tax expense for the year attributable to the owners of I.O.O.F. Investment Management Limited	20	15,849	33,808
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of I.O.O.F. Investment Management Limited		15,849	33,808

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

I.O.O.F. Investment Management Limited
Statement of financial position
As at 30 June 2020

	Note	2020 $'000	2019 $'000
Assets			
Cash and cash equivalents	10	9,705	18,873
Trade and other receivables	11	24,834	67,447
Financial assets at fair value through profit or loss	12	264	280
Prepayments and deferred expenses	13	111	264
Loans to Directors of group associates	14	-	11
Goodwill and Intangibles	15	15,918	16,823
Total assets		50,832	103,698
Liabilities			
Trade and other payables	16	16,747	35,221
Deferred tax liability	17	825	366
Total liabilities		17,572	35,587
Net assets		33,260	68,111
Equity			
Issued capital	18	31,634	31,634
Reserves	19	2,655	2,655
Retained profits/(losses)	20	(1,029)	33,822
Total equity		33,260	68,111

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

I.O.O.F. Investment Management Limited
Statement of changes in equity
For the year ended 30 June 2020

	Issued capital $'000	Reserves $'000	Retained profits/ (losses) $'000	Total equity $'000
Balance at 1 July 2018	31,634	-	43,014	74,648
Profit after income tax expense for the year	-	-	33,808	33,808
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	33,808	33,808
Transactions with owners in their capacity as owners:				
Recognition of operating risk financial reserve	-	2,655	-	2,655
Dividends paid (note 21)	-	-	(43,000)	(43,000)
Balance at 30 June 2019	31,634	2,655	33,822	68,111

	Issued capital $'000	Reserves $'000	Retained profits/(losses) $'000	Total equity $'000
Balance at 1 July 2019	31,634	2,655	33,822	68,111
Profit after income tax expense for the year	-	-	15,849	15,849
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	15,849	15,849
Transactions with owners in their capacity as owners:				
Dividends paid (note 21)	-	-	(50,700)	(50,700)
Balance at 30 June 2020	31,634	2,655	(1,029)	33,260

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

I.O.O.F. Investment Management Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		424,339	501,591
Payments to suppliers and employees		(398,341)	(442,038)
		25,998	59,553
Interest received		156	316
Other revenue		152	173
Income taxes paid		(6,297)	(15,198)
Net cash from operating activities	30	20,009	44,844
Net cash from investing activities		-	-
Cash flows from financing activities			
Dividends paid	21	(50,700)	(43,000)
Loans from/(to) related and other parties		21,523	(2,981)
Net cash used in financing activities		(29,177)	(45,981)
Net decrease in cash and cash equivalents		(9,168)	(1,137)
Cash and cash equivalents at the beginning of the financial year		18,873	20,010
Cash and cash equivalents at the end of the financial year	10	9,705	18,873

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

Note 1. General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 1 September 2020.

Note 2. Significant accounting policies

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

New, revised or amended Accounting Standards and Interpretations

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These new, revised or amended accounting standards and interpretations have not had a material effect on the Company's financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

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

Note 2. Significant accounting policies (continued)

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

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

Performance fee revenue
The Company accrues for performance fees in line with the performance hurdles outlined in accordance with each investment management agreement entered into by the Company. These fees are payable to each appointed investment manager and charged to the funds operated by the Company.

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

Classification and subsequent measurement
On initial recognition, a financial asset is classified at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

The Company makes an assessment of the objective of the business model in which a financial asset is held that best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Company’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Intangible assets

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

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

For the purposes of impairment testing, goodwill is allocated to the Company's cash-generating units (CGUs). These represent the lowest level within the Company at which the goodwill is monitored for internal management purposes.

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

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7-10 years.

Impairment of non-financial assets

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

Trade and other payables

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

Fair value measurement

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

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

Note 2. Significant accounting policies (continued)

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

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

Issued capital
Ordinary shares are classified as equity.

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

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

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

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

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

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

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

Deferred acquisition costs/revenue are progressively amortised to profit or loss by a systematic allocation over the period of time the future economic benefits are expected to be received. The amortisation period is 5 to 7 years.

Reserves
I.O.O.F. Investment Management Limited has complied with Australian Prudential Regulation Authority (APRA) Prudential Practice Guide SPG 114 - Operational Risk Financial Requirement and established an operating risk financial reserve for the Small APRA Funds to provide unrestricted commitment of financial resources to address losses arising from operational risk events in a timely manner.

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

New and revised Standards in issue but not yet effective
A number of new standards are effective for annual periods beginning on or after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Note 2. Significant accounting policies (continued)

Amendments to References to Conceptual Framework in IFRS Standards.
Definition of a Business (Amendments to IFRS 3).
Definition of Material (Amendments to IAS 1 and IAS 8).
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).
Reference to the Conceptual Framework (Amendments to IFRS 3).
Annual Improvements to IFRS Standards 2018–2020.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

Note 4. Revenue

	2020 $'000	2019 $'000
Management and service fees revenue	358,023	449,984
Other fee revenue	8,069	11,664
	366,092	461,648
Other revenue		
Trust distributions	-	6
Other revenue	152	138
	152	144
Revenue	366,244	461,792

Note 5. Other income

	2020 $'000	2019 $'000
Net fair value gain on other financial assets	-	29

Note 6. Service fees and other direct costs

	2020 $'000	2019 $'000
Service and marketing fees expense	172,186	205,138
Other direct costs	10,896	21,518
	183,082	226,656

Note 7. Operating expenditure

	2020 $'000	2019 $'000
Office support and administration	1,164	821
Professional fees	324	119
Service fees paid to related entity	158,210	185,183
	159,698	186,123

Note 8. Other expenses

	2020 $'000	2019 $'000
Amortisation of intangible assets	905	915
Deferred acquisition costs	73	179
Net fair value loss on other financial assets	16	-
	994	1,094

Note 9. Income tax expense

	2020 $'000	2019 $'000
Income tax expense		
Current tax	6,944	15,204
Deferred tax - origination and reversal of temporary differences	459	(749)
Adjustment recognised for prior periods	(647)	(6)
Aggregate income tax expense	6,756	14,449
Deferred tax included in income tax expense comprises:		
Increase/(decrease) in deferred tax liabilities (note 17)	459	(749)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	22,605	48,257
Tax at the statutory tax rate of 30%	6,782	14,477
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	(23)	(20)
	6,759	14,457
Adjustment recognised for prior periods	(647)	(6)
Prior year temporary differences now recognised	644	(2)
Income tax expense	6,756	14,449

Note 10. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	9,705	18,873
Amount expected to be recovered within 12 months	9,705	18,873

Note 11. Trade and other receivables

	2020 $'000	2019 $'000
Receivables	24,938	47,292
Less: Allowance for expected credit losses	(106)	(106)
	24,832	47,186
Loans to related entities within the Group	-	20,238
Interest receivable	2	23
	24,834	67,447
Amount expected to be recovered within 12 months	24,834	67,447

Loans to related entities within the Group include amounts arising under the entity's tax funding agreement.

As at 30 June 2020, $191,099 trade receivables of the Company were past due but not impaired (2019: $191,099). The amount of the impairment provision was $106,000 (2019: $106,000).

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

	2020 $'000	2019 $'000
Unlisted unit trusts	264	280
Amount expected to be recovered after more than 12 months	264	280

Refer to note 23 for further information on fair value measurement.

Note 13. Prepayments and deferred expenses

	2020 $'000	2019 $'000
Prepayments	-	140
Deferred expenses	111	124
	111	264
Amount expected to be recovered within 12 months	-	140
Amount expected to be recovered after more than 12 months	111	124
	111	264

Note 14. Loans to Directors of group associates

	2020 $'000	2019 $'000
Loans to Directors of group associates	-	11
Amount recovered after more than 12 months	-	11

Loans to directors of group associates - The loan outstanding referred to above related to Mr J Murray, a Director of Perennial Value Management Limited, formerly a related entity. The amount was advanced by I.O.O.F. Investment Management Limited for the specific purpose of assisting him to acquire an equity interest in that related party. The loan has been paid in full in December 2019 after IOOF divested its holding in Perennial Value Management Limited on 10 October 2019.

Note 15. Goodwill and Intangibles

	2020 $'000	2019 $'000
Goodwill - at cost	3,128	3,128
Customer relationships - at cost	13,214	13,214
Less: Accumulated amortisation	(9,460)	(8,557)
	3,754	4,657
Software - at cost	578	578
Less: Accumulated amortisation	(578)	(576)
	-	2
Master Fund business investment carried at cost	9,036	9,036
	15,918	16,823
Amount expected to be recovered within 12 months	903	905
Amount expected to be recovered after more than 12 months	15,015	15,918
	15,918	16,823

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

	Goodwill $'000	Customer relationships $'000	Computer software $'000	Other Investments $'000	Total $'000
Balance at 1 July 2018	3,128	5,560	14	9,036	17,738
Amortisation expense	-	(903)	(12)	-	(915)
Balance at 30 June 2019	3,128	4,657	2	9,036	16,823
Amortisation expense	-	(903)	(2)	-	(905)
Balance at 30 June 2020	3,128	3,754	-	9,036	15,918

Impairment testing for cash-generating units containing goodwill
For the purposes of impairment testing, goodwill is allocated to the Company's operating divisions, or cash-generating units, which represent the lowest level within the Company at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill allocated to each unit are as follows:

	2020 $'000	2019 $'000
Platform management and administration	3,128	3,128

The recoverable amount for the CGU has been determined based on value-in-use calculations using 2020 actual balances to forecast 2021 and beyond cash flows. The Company conducts an annual impairment assessment using projected cash flows for years 2 to 5 applying blended rate of the 2021 budgeted rates by asset class and business unit. Into perpetuity a 2.00% (2019: 2%) growth rate is used from year 5.

Note 15. Goodwill and Intangibles (continued)

The growth rates applied do not exceed the long-term average growth rate for businesses in which each CGU operates. The discount rate of 15.20% (2019: 13.25%) used reflects the Company's pre-tax nominal weighted average cost of capital. Management's assessment of goodwill's value-in-use exceeds the value of goodwill allocated to these CGUs, therefore any reasonably possible changes to assumptions used in management's assessment is not expected to result in impairment.

Note 16. Trade and other payables

	2020 $'000	2019 $'000
Loans from related entities within the Group	1,285	-
Payables	13,369	32,551
GST payable	2,093	2,670
	16,747	35,221
Amount expected to be settled within 12 months	16,747	35,221

Refer to note 22 for further information on financial instruments.

Note 17. Deferred tax liability

	2020 $'000	2019 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Deferred commission	33	37
Accrued income	603	7
Provision for bad debts	(32)	(32)
Property and equipment and software	476	696
Change in market value of investments	22	28
Intangibles	(154)	(81)
Accrued expenses	(123)	(281)
Other	-	(8)
Deferred tax liability	825	366
Movements:		
Opening balance	366	1,115
Charged/(credited) to profit or loss (note 9)	459	(749)
Closing balance	825	366

Note 18. Issued capital

	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	31,633,832	31,633,832	31,634	31,634

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

Note 18. Issued capital (continued)

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

Capital risk management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its shares, issue new shares, sell assets, or otherwise adjust debt levels.

The Company monitors capital on the basis of investment capital, working capital and regulatory capital.

Investment capital is the Company's capital that is not required for regulatory and working capital requirements of the business. The investment capital may be invested in:

- bank deposits;
- unit trusts, as investments; and
- related unit trusts, as seed capital.

Working capital is the capital that is required to meet the day to day operations of the business.

Regulatory capital is the capital which the Company is required to hold as determined by legislative and regulatory requirements in respect of its financial services license operations. During the year, the Company has complied with all externally imposed capital requirements to which it is subject.

The Company manages its own capital required to support planned business growth and meet regulatory requirements. Regular monitoring of regulatory requirements ensures sufficient capital is available and appropriate planning is made to retain target surpluses.

Subsidiary capital generated in excess of planned requirements is returned to IOOF Holdings Ltd, usually by way of dividends.

A Group standby facility is in place as a safeguard against a temporary need for funds and to provide a short term funding facility that allows the business to take advantage of acquisition opportunities as they arise.

During 2020, the Company's capital risk management strategy was unchanged from 2019.

Note 19. Reserves

	2020 $'000	2019 $'000
Operational Risk Financial Reserve - Small APRA Funds	2,655	2,655

Note 20. Retained profits/(losses)

	2020 $'000	2019 $'000
Retained profits at the beginning of the financial year	33,822	43,014
Profit after income tax expense for the year	15,849	33,808
Dividends paid (note 21)	(50,700)	(43,000)
Retained profits/(accumulated losses) at the end of the financial year	(1,029)	33,822

Note 21. Dividends

Dividends
Dividends paid during the financial year were as follows:

	2020 $'000	2019 $'000
Final dividend for the year ended 30 June 2019 of $0.79 (2018: $0.77) per ordinary share	25,000	24,300
Interim dividend for the year ended 30 June 2020 of $0.81 (2019: $0.59) per ordinary share	25,700	18,700
	50,700	43,000

Franking credits

As part of the IOOF tax consolidated group, I.O.O.F. Investment Management Limited does not have a franking account, rather any balance has been passed across to IOOF Holdings Ltd as head entity of that tax group.

Note 22. Financial instruments

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

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

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

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

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

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

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

Market risk

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

Note 22. Financial instruments (continued)

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

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

At 30 June 2020 had the price of the units held by the Company in unlisted unit trusts in other entities increased / decreased by 1% (2019: 1%) with all other variables held constant, post-tax profit for the year would increase / decrease by $1,845 (2019: $1,958) as a result of gains / losses recorded through profit or loss.

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

Short and long-term investment mixes and loans to related entities are influenced by liquidity policy requirements.

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

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

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

At 30 June 2020, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post tax profit for the year would have been $91,368 higher/lower (2019: change of +/- 100 basis points; $90,553 higher/lower), as a result of higher/ lower interest income from cash and cash equivalents. Equity would have been higher/lower by the same amounts.

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

Note 22. Financial instruments (continued)

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

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

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

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

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

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

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

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

	2020 $'000	2019 $'000
Financial Assets		
Cash and cash equivalents	9,705	18,873
Trade and other receivables	24,834	47,209
Financial assets at fair value through profit or loss	264	280
Loans to Directors of group associates	-	11
Other investments	9,036	9,036
Loans to (from) related party	(1,285)	20,238
	42,554	95,647

Note 22. Financial instruments (continued)

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

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

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

As at 30 June 2020, $191,099 trade receivables of the Company were past due or impaired (2019: $191,099). The amount of the impairment provision was $106,000 (2019: $106,000).

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

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

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

Remaining contractual maturities
The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2020	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-interest bearing					
Trade payables	13,369	-	-	-	13,369
GST payable	2,093	-	-	-	2,093
Loans from related entities	1,285	-	-	-	1,285
Total non-derivatives	16,747	-	-	-	16,747

2019	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-interest bearing					
Trade payables	32,551	-	-	-	32,551
GST payable	2,670	-	-	-	2,670
Total non-derivatives	35,221	-	-	-	35,221

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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

Note 23. Fair value measurement

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

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

2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets designated at fair value through profit or loss	-	280	-	280
Total assets	-	280	-	280

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

Note 24. Key management personnel disclosures

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

Mr Robert Bloore
Ms Elizabeth Flynn (resigned 19 March 2020)
Ms Karen Gibson
Mr Geoffrey Walsh
Mr John Selak (resigned 29 August 2019)
Mr Lindsay Smartt (appointed 6 August 2019)
Ms Jane Harvey (appointed 19 March 2020)

Other key management personnel

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

Mr David Chalmers (Chief Financial Officer, appointed 29 February 2020)
Mr Renato Mota (Chief Executive Officer)

Note 24. Key management personnel disclosures (continued)

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

	2020 $	2019 $
Short-term employee benefits	650,894	484,351
Post-employment benefits	35,844	27,168
Termination benefits	-	51,065
Share-based payments	65,482	142,342
	752,220	704,926

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

Note 25. Remuneration of auditors

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

	2020 $	2019 $
Audit services - KPMG		
Audit of the financial statements	91,842	91,842
Other services - KPMG		
Other regulatory audit services	129,597	27,097

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

Note 26. Contingent liabilities

Other contingent liabilities exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. An assessment of the likely loss to the Company has been made in respect of the identified claims, on a claim by claim basis, and specific provision has been made where appropriate. The Company does not consider that the outcome of any current proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position.

Note 27. Commitments

The Company does not have any non-cancellable capital expenditure commitments not already recognised or provided for.

Note 28. Related party transactions

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

Key management personnel
Disclosures relating to key management personnel are set out in note 24.

Note 28. Related party transactions (continued)

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

	2020 $	2019 $
Other transactions:		
Service and marketing fees paid to related entities (advisers)	86,673,665	83,975,240
Service fees paid to IOOF Service Co Pty Ltd	158,209,751	185,182,555

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

	2020 $	2019 $
Current receivables:		
Loans to related entities within the Group	-	20,238,477
Current Payables:		
Loans from related entities within the Group	1,285,032	-
Investments:		
Investments held with related party trusts	263,583	279,662

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	2020 $	2019 $
Current receivables:		
Loan to Director of group associates	-	10,800

The loan referred to above related to Mr J Murray, formerly a Director of Perennial Value Management Limited, a related entity. The amount was advanced by I.O.O.F. Investment Management Limited for the specific purpose of assisting him to acquire an equity interest in that related party. The loan has been paid in full in December 2019 after IOOF divested its holding in Perennial Value Management Limited on 10 October 2019.

Terms and conditions
All transactions with the exception of the Director loan, were made on normal commercial terms and conditions.

Note 29. Events after the reporting period

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant volatility in global and domestic financial markets. At the date of signing of the financial statements, there is still significant uncertainty on the likely duration and the ultimate impact COVID-19 will have on world economies. Given the high degree of estimation uncertainty, management cannot reasonably assess or quantify the potential short or longer term financial impact on the Company.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 30. Reconciliation of profit after income tax to net cash from operating activities

	2020 $'000	2019 $'000
Profit after income tax expense for the year	15,849	33,808
Adjustments for:		
Amortisation	905	915
Net fair value loss/(gain) on other financial assets	16	(29)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	22,386	(3,107)
Decrease/(increase) in prepayments	140	(103)
Decrease in other operating assets	13	284
Increase/(decrease) in trade and other payables	(19,759)	13,849
Increase/(decrease) in deferred tax liabilities	459	(749)
Decrease in other operating liabilities	-	(24)
Net cash from operating activities	20,009	44,844

I.O.O.F. Investment Management Limited
Directors' declaration
30 June 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Geoffrey Walsh
Director

1 September 2020
Melbourne

Independent Auditor's Report

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

Opinion

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

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

- giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2020;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

This description forms part of our Auditor's Report.

KPMG

KPMG

Chris Wooden

Partner

Melbourne

1 September 2020