Key Invest

Securing your future, today.

Annual Report 2020/21

KeyInvest is a member owned mutual Friendly Society regulated by the Australian Prudential Regulation Authority (APRA).

Established in 1878, originally as the Independent Order of Odd Fellows (IOOFSA), KeyInvest has a proud history and track record in financial, property and retirement services.

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CHAIRMAN’S AND CEO’S REPORT

During one of the most challenging periods in its 143 year history, KeyInvest has remained focussed on its purpose to build our financial strength to serve our members and clients.

Within the ongoing constraints brought about by the COVID-19 pandemic, KeyInvest has continued its transformation initiatives to ensure its products and services remain amongst the best in its market and to broaden and grow its financial services offerings.

FY21 saw the financial markets gradually adjust to the new normal conditions as the world began to learn to live with COVID-19. In Australia, the Reserve Bank of Australia (RBA) cut cash rates by a further 15 basis points in November 2020, to a new historic low of 0.10%. In addition, the RBA announced it would buy Australian Federal Government and State Government bonds in whatever quantity needed to achieve three year yields of 0.10%. The Authorised Deposit-taking Institutions (ADI’s) drew almost $188 billion from the RBA’s three year funding facility, much of it at 0.10%, providing very low cost funding to support lending and liquidity in the Australian banking system.

With a relatively well contained COVID-19 situation in Australia, the economic contraction was not as severe and the recovery was stronger than first expected. The unemployment rate had fallen to 4.9% nationally by June 2021, with employment higher than pre-pandemic levels. Low mortgage rates supported growth in house prices, and a strong share market rebound unfolded during FY21. More recently, COVID-19 outbreaks in our most populous States, and the subsequent lockdown measures imposed, have interrupted the recovery, but GDP is forecast to grow by 6% in FY21 and 4% in FY22, dependent on achieving the vaccination levels that will enable less reliance on lockdowns.

For KeyInvest members who have invested in capital guaranteed products, the distributable surpluses, after meeting costs and capital adequacy requirements, are difficult to achieve in an environment where the yields on high quality, low risk financial assets continue to be supressed by the RBA monetary policy interventions that drive down yields. For these reasons, bonus payments on our capital guaranteed products were suspended in FY21, and are likely to remain low or negligible until this period of market interventions and ultra-low interest rate policies passes.

However, investors in our Life Events Bond and Unitised Funeral Bond products have reaped the benefits of long term investing, with most funds recovering strongly in FY21 to erase and surpass the low or negative returns of the previous COVID-19 impacted year. After tax and fees, the FY21 returns averaged over 13% across all 27 funds in the Life Events Bond, with some individual funds exceeding 20%.

Our Financial Services business continues to achieve pleasing growth in Funds Under Management, with the Life Events Bond achieving 40% growth to $74m, and our largest capital guaranteed fund, the KeyInvest Funeral Bond, growing to $128m. The new unitised options in the Funeral Bond product are receiving strong support from financial advisers who are taking advantage of greater investment choice and control for their clients.

In FY21, we determined it was in the best interests of members to close the Income Security Fund, our smallest legacy product, with all assets being realised and cash distributions paid to members in March 2021. We also terminated an outsourcing agreement for the management of our Pre-Arranged Funeral Fund, to bring these functions back in-house so that members and the funeral director assignees of these policies receive the same efficient service as all other KeyInvest members.

Another revenue diversification strategy KeyInvest implemented in FY21 was the launch of a new Managed Investment Scheme (MIS), the KeyInvest Select Mortgage Fund. This Contributory Mortgage Fund which will generate new management fee revenue for KeyInvest, and opportunities for the management fund, the benefit funds and investors to participate in high quality, high yielding mortgage investments.

KeyInvest continues to judiciously invest in our commercial properties, for long term value and cash flow returns. During FY21 we completed upgrades to the Ground Floor and Level 1 of our Adelaide CBD building which, in conjunction with securing new long term tenancies, has seen a pleasing uplift in value for this long term asset of KeyInvest.

In the second half of FY21 KeyInvest’s Retirement Services division focussed on sales of the remaining new homes in our Wimmera Lodge village, a process that was delayed by ongoing COVID-19 lockdowns in Victoria. After pausing further construction at both our Wimmera and Chiton retirement villages in FY21, we are now progressing with strategies to optimise value from these assets during FY22. At Chiton, we have already restructured the village and are now progressing with opportunities to maximise the value of the remaining undeveloped land.

KeyInvest maintained a strong capital position throughout FY21 with an ongoing focus on the capital guaranteed benefit funds, which are sensitive to the protracted low interest rate environment. We continue to operate well inside the Australian Prudential Regulation Authority (APRA) regulatory capital requirements and maintain capacity to support our capital guaranteed benefit funds in the event of future stressed investment market conditions.

CHAIRMAN’S AND CEO’S REPORT

OUR BUSINESS

Financial Services

KeyInvest offers long term financial and investment solutions through its investment bond products that provide members with tax, social security and estate planning benefits.

Our largest capital guaranteed investment, the KeyInvest Funeral Bond, has seen great success with three unitised low cost funds which now attract almost half of new business flows and complement its ongoing popularity with financial advisers who utilise its estate planning advantages and significant aged pension assets test concessions for their clients.

The Life Events Bond is a unitised product delivering a competitive and low cost menu of 27 investment choices, which will soon be expanded to provide access to best in class investment managers and new product features. It offers a flexible, tax effective alternative to superannuation that can be accessed before retirement or utilised as a long term investment vehicle for specific goals, such as funding children’s education or other major life events.

The newly launched KeyInvest Select Mortgage Fund provides opportunities for sophisticated investors to access high yielding direct mortgage investments over carefully selected property development projects.

Property Services

KeyInvest operates two commercial investment properties, one in the Adelaide CBD and the other in the desirable inner Adelaide suburb of Norwood. KeyInvest also has 63 completed homes across two retirement village sites currently under development, Chiton near Victor Harbor in regional South Australia and Wimmera Lodge in Horsham, regional Victoria. KeyInvest retirement villages all have community facilities and their own unique characteristics in keeping with the local area and serving the requirements of the discerning retiree.

OUR PERFORMANCE

The KeyInvest consolidated entity financial results for FY21 reflect a transition period following the divestment of five retirement villages in FY20. With the settlements occurring just as COVID-19 was declared a global pandemic, the cash reserves generated from the divestments were held in secure, but low yielding deposits for much of the year pending re-deployment into expanding and generating new business opportunities that will take place during FY22 and beyond.

Our FY21 after tax consolidated result was a loss of $(151,778), [FY20: $(5,290,184)].

With only two remaining, partially completed retirement villages under development, there were no revenues generated from deferred management fees, and some minor negative development margins, producing a loss of $(11,416) in FY21 [FY20: $1,435,033].

Our total investment bond Funds Under Management increased in FY21 to over $246m [FY20: $225m] with good net inflows across all open products. The Life Events Bond produced a record year for inflows and members benefited from strongly recovering equity markets during FY21 following the COVID-19 induced market volatility of FY20. Investment income in the Life Events Bond grew to $10,216,148 in FY21 after a loss in FY20 of $(788,393).

The RBA cash rate cuts and interventions across the yield curve, continued to supress potential earnings within our capital guaranteed benefit funds. However, with careful re-positioning of the fixed interest investment portfolio, the KeyInvest Funeral Bond achieved a 20% improvement in investment income over FY21 of $2,571,440 [FY20: $2,134,188].

Measured under APRA’s Prudential Standards, KeyInvest retains an enviable capital position that is superior to many of its industry participants. We have remained extremely vigilant during a period of very unfavourable economic factors including ultra-low interest rates and market disruptions to ensure the business remains on sound capital footings over the long term.

OUR STRATEGY

The KeyInvest Strategic Business Plan continues to maintain focus on financial growth and revenue diversification through the pursuit of strategic initiatives designed to improve long term return on capital, thereby building our financial strength to serve our members and clients.

CHAIRMAN'S AND CEO'S REPORT

These initiatives include:

Financial Services

Ensuring investment bond product features and systems continue to keep pace with market expectations, including improving the Life Events Bond product and investment options, with an expanded menu and new product features. A significant investment in replacing our financial services and member management system to enhance our capacity for increasing Funds Under Management levels and improve member and distribution partner experience for years to come.

Continuing to diversify revenue streams through ongoing expansion of the MIS mortgage and property fund products. Expanding the recently launched KeyInvest Select Mortgage Fund through internal origination and investment, and via assessing the potential acquisition of other existing Funds to provide alternative financial products with higher yield, and investor returns to a broader and diverse investor demographic.

Commercial Property

Capitalising on upgrades and improvements made to our Adelaide CBD property during FY21, by renewing existing and attracting new long term tenants, to sustain improved valuations into the future, and investing in further improving our Norwood commercial property as part of renewing a long term tenancy with improving yields.

Retirement Services

Continuing to create sought-after independent living options for new and existing residents at our two remaining retirement villages. Selling the remaining newly built homes to return capital and prepare for the next stage of homes, whilst undertaking a restructure of the Chiton site to reduce the village footprint and release value from the undeveloped surplus land.

In closing, we would like to thank the Directors, the Executive Management team and our staff at KeyInvest, for their continued dedication and hard work during FY21, and look forward to an exciting year ahead as many new initiatives begin to unfold and we deliver on our strategic commitments.

We also sincerely thank our members, clients and business partners for their ongoing support of our products and services in these challenging times.

Yours sincerely

Dr Roger N Sexton AM
Chairman

Steve Aspinall
Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

KeyInvest places great importance on its corporate governance framework. The Board regularly reviews and refines its corporate governance policies to ensure systems are in place to encourage and deliver sustainable and profitable financial performance with long term growth of members' funds.

The Board - Roles and Responsibilities

The Board is responsible for the Group's[1] overall strategy, governance and performance. Under the Corporate Governance Policy, the Board has adopted a schedule of its roles and responsibilities as documented within its charter. Broadly, the Board's role includes:

- reviewing and approving the objectives and strategic direction of the Group;
- setting the Group's risk appetite and ensuring the Group's risk culture is consistent with the approved risk appetite;
- ensuring the Group's business continuity framework is appropriate for the nature and scale of the Group's operations and consistent with the Group's Risk Management Strategy;
- reviewing and approving the Group's statutory and regulatory accounts;
- adopting the annual budgets of the Company[2] and each of its wholly owned subsidiaries;
- approving significant business decisions of the Group;
- understanding the Group's business and the industries and environments within which it operates to effectively oversee the risk management and strategic direction of the Group;
- monitoring the achievement of all objectives and the performance of the Group;
- reviewing marketing and communication strategies for the Group;
- maintaining an adequate level and quality of capital commensurate with the scale, nature and complexity of the Group's business and risk profile;
- monitoring the adequacy and effectiveness of internal controls implemented by the Company; and
- appointing and reviewing the performance of the Company's CEO.

The Corporate Governance Policy also details the roles and responsibilities of the Board's Committees.

The Group's key operating controlled entities each have separate Boards which are responsible for overseeing the strategy, governance and performance of those entities.

The Board has put in place a formal delegation structure that details specific authorities delegated to its Board Committees, the CEO, Management and those authorities specifically retained by the Board.

Role of the CEO

The Board has specifically delegated responsibility for the day to day management of the Company, its performance and the achievement of all agreed objectives of the Company to the CEO. The CEO is responsible for operational risk management and ensuring compliance with all policies and procedures of the Company.

Role of the Chairman

The Chairman is responsible for leading the Board and facilitating effective discussions at Board meetings. The Chairman also has delegated responsibility and authority from the Board to conduct annual individual performance assessments of all Non Executive Directors.

[1] Group means KeyInvest Ltd and its controlled entities.
[2] Company means KeyInvest Ltd ABN 74 087 649 474.

CORPORATE GOVERNANCE STATEMENT

Board Size and Composition

In accordance with the Australian Prudential Regulation Authority's (APRA) *Prudential Standard CPS 510 Governance* and the Company's Constitution, the Board:

- comprises a majority of independent Non Executive Directors;
- is chaired by an independent Non Executive Director;
- has a minimum of five Directors; and
- has an appropriate mix of skills, experience and personal attributes which allow the Directors individually, and the Board collectively, to discharge their role and responsibilities.

In accordance with APRA's *Prudential Standard CPS 520 Fit and Proper* the Board membership must comprise Directors with appropriate skills, experience and knowledge, who act with honesty and integrity. That is, they are considered to be fit and proper.

The current membership of the Board is set out in the Directors' Report and comprises six independent Non Executive Directors.

Board Renewal and Succession Planning

The Company's Constitution requires at least one Director to retire at the end of each Annual General Meeting. Retiring Directors may offer themselves for re-election.

The Board has established a Board Renewal Plan that sets out how the Board intends to progressively and systematically renew its membership. A particular focus of the Board is to preserve continuity and have an appropriate pool of skills and experience, whilst achieving an orderly succession of the Board's long serving members.

The Board has determined that Dr Roger Sexton AM and Ms Chantale Millard will retire by rotation at the upcoming 2021 Annual General Meeting. Dr Sexton and Ms Millard will offer themselves for re-election at that meeting. Further information on Dr Sexton and Ms Millard is available in the Explanatory Memorandum contained within the Notice of Annual General Meeting.

Board and CEO Performance Evaluation

The Board must ensure that the Directors and senior management of the Group, collectively, have the full range of skills needed for the effective and prudent operation of the Group. This includes the requirement for Directors, collectively, to have the necessary skills, knowledge and experience to understand the risks of the Group, including its legal and prudential obligations and to ensure that the Group is managed in an appropriate way.

The Board and CEO Performance Evaluation Procedures assess the performance of Non Executive Directors and the CEO relative to their respective objectives and their contribution to Board deliberations and processes.

The Remuneration and Nomination Committee, together with the Chairman, is responsible for evaluating the Board's performance and each Director's individual performance including that of the Chairman and CEO. A Non Executive Director performance review is conducted with respect to each financial year.

Training and Development

A Director Induction Program is carried out for all new Non Executive Directors to ensure they are suitably equipped with information for their role and are aware of the governance environment within which the Group operates.

Directors are required to meet minimum standards of involvement in training and development programs in order to enhance their knowledge of the industries within which the Group operates.

Board Practices

The Board holds regular meetings to receive reports on the Group's progress and to review both the Group's operating performance and monitor the effectiveness of established strategies. The Board may meet on other occasions, as required, and the independent Non Executive Directors meet frequently in the absence of the CEO and Executive Management. In addition, corporate strategy meetings are held to assess and determine the strategic direction of the Group.

CORPORATE GOVERNANCE STATEMENT

Details of the number of meetings held by the Board and its Committees during the 2020/21 financial year and attendance by Directors are set out in the Directors' Report.

The Board is entitled to seek independent professional advice at the Company's expense in respect of specific issues that arise from time to time.

Risk Management

KeyInvest considers risk management to be a fundamental part of the achievement of its strategic and operational objectives. The Group maintains a strong risk culture that ensures the key risks inherent in the business are well understood, formally documented and managed.

The Company is required under APRA *Prudential Standard CPS 220 Risk Management* to maintain a risk management framework and strategy that is appropriate to the nature and scale of its operations. An annual risk management declaration is provided to APRA which is signed by the Chairman of the Board and the Chairman of the Board Risk Committee. The Company's Appointed Actuary is also required to submit an assessment on the suitability of the risk management practices of the business as part of an annual Financial Condition Report which is provided to APRA.

In accordance with APRA *Prudential Standard LPS 110 Capital Adequacy*, the Company has documented its Internal Capital Adequacy Assessment Process (ICAAP) and implements the requirements of the LPS 110 within its risk management framework.

Overall, the Board is responsible for the Group's risk management framework and oversees the implementation of systems, processes, structures and policies designed to identify, assess, mitigate and monitor risks of the Group. The active identification of risks and implementation of mitigation measures are responsibilities of senior management. The Board has adopted a Risk Management Strategy that defines the responsibilities of the Board, Board Audit Committee, Board Risk Committee, other Board Committees, the CEO, Group Chief Risk Officer (Group CRO), senior managers and staff.

The Group's risk registers, risk management practices and risk and compliance policies are progressively reviewed and updated during the year.

The internal audit function has full and free access to the Board Audit Committee and the Chairman of the Board.

Board Committees

To assist the Board in discharging its role and responsibilities during FY21 it maintained five Board Committees.

Each Committee operates in accordance with a written charter and it is the policy of the Board that a majority of the members of each Committee should be independent. Information on the Directors and their Committee memberships can be found in the Directors' Report. The role and function of each Committee is reviewed annually by the Board.

The Committees of the Board during FY21 were:

<u>Corporate Governance Committee</u>

The Corporate Governance Committee has been established to advise on the Group's corporate governance policies and procedures and to oversee the maintenance of the Company's Benefit Fund Rules.

In particular, the Committee is responsible for ensuring the Company's compliance with APRA's *Prudential Standard CPS 510 Governance*.

<u>Remuneration and Nomination Committee</u>

In accordance with APRA's *Prudential Standard CPS 510 Governance* this Committee comprises a minimum of three Non Executive Directors, with a majority of the members of the Committee being independent.

The Remuneration and Nomination Committee has been established to review and make recommendations to the Board on remuneration and incentives applicable to the Directors and senior management of the Group in accordance with APRA's *Prudential Standard CPS 510 Governance* and the Group's Remuneration Policy.

This Committee is also responsible for making recommendations regarding nominations and appointments of Directors, the fitness and propriety of Directors, senior management, the External Auditor, the Internal Auditor and the Actuary, in accordance with APRA's *Prudential Standard CPS 520 Fit and Proper*.

Board Audit Committee

In accordance with APRA's *Prudential Standard CPS 510 Governance* this Committee comprises a minimum of three Non Executive Directors, with a majority of the members of the Committee being independent.

The primary function of the Board Audit Committee is to assist the Board in fulfilling its responsibilities by providing an objective non-executive review of the effectiveness of the Group's financial reporting and financial risk management framework, including:

- Financial Statements and financial reporting;
- any changes in financial reporting requirements and professional accounting requirements and standards, and advising or making recommendations to the Board;
- the scope of internal and external audit plans;
- the performance and independence of internal and external auditors; and
- the appointment and removal of the External Auditor and Internal Auditor.

Board Risk Committee

In accordance with APRA's *Prudential Standard CPS 510 Governance* this Committee comprises a minimum of three Non Executive Directors, with a majority of the members of the Committee being independent.

The primary function of the Board Risk Committee is to assist the Board in fulfilling its responsibilities by providing an objective non-executive oversight of the implementation and operation of the Group's risk management and compliance framework, including:

- reviewing and monitoring the risk culture, identifying any desired changes to it, setting the tone, and providing an environment where sound risk culture is established and maintained;
- advising the Board in relation to the Group's current and future risk appetite and Risk Management Strategy;
- establishing an enterprise-wide view of the Group's current and future risk position relative to its risk appetite and capital strength;
- overseeing senior management's implementation of the Risk Management Strategy;
- overseeing the effectiveness of the risk management framework including compliance and internal controls;
- constructively challenging senior management's proposals and decisions on all aspects of risk management arising from the Group's activities;
- making recommendations on the appointment and removal of the Group's Appointed Actuary;
- reviewing the performance and setting the objectives of the Group CRO, and ensuring the Group CRO has unfettered access to the Board and the Board Risk Committee; and
- oversight of the appointment and removal of the Group CRO.

Finance and Investment Committee

The Finance and Investment Committee has been established to advise the Board on the financial activities, investment policies and activities of the Group.

In particular, this Committee is responsible for reviewing and recommending for approval to the Board:

- the annual budget of the Company and each of its wholly owned subsidiaries;
- the bonus rates to be declared on capital guaranteed investment bonds;
- the financial viability of major projects; and
- the long term financial positioning and investment strategies of the Group.

FINANCIAL REPORT

These financial statements are the consolidated financial statements of the consolidated entity consisting of KeyInvest Ltd ('company' or 'parent entity') and its subsidiaries.

The financial statements are presented in Australian currency.

KeyInvest Ltd is a company limited by shares and guarantee, however no shares have been issued. The company is incorporated and domiciled in Australia. Its registered office and principal place of business is:

49 Gawler Place, Adelaide, South Australia 5000

A description of the nature of the consolidated entity's operations and its principal activities is 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 28 September 2021. The directors have the power to amend and reissue the financial statements.

FINANCIAL REPORT

DIRECTORS' REPORT

The Directors of KeyInvest Ltd ('company' or 'parent entity') present their report, together with the financial statements of the consolidated entity, being the company and its subsidiary entities, for the year ended 30 June 2021.

Principal Activities

The consolidated entity's principal activities during the financial year were the provision of financial services and products to members and the management of commercial properties and retirement villages.

Objectives

The consolidated entity's objectives for FY21 were:

- Provide competitive financial products for members and pursue opportunities to broaden our financial services product offering.
- Maintain a strong capital and liquidity position to support our capital guaranteed bondholders in a low and volatile fixed interest return environment.
- Maintain strong corporate governance structures and risk and compliance frameworks to ensure the consolidated entity's legal, legislative and regulatory obligations are met.
- Continue to grow our Funds Under Management and launch our MIS mortgage fund.
- Restructure our portfolio of investments in property and the retirement village sector.

The consolidated entity's long term objectives include:

- Maintaining a strong capital position for the benefit of members.
- Growing and expanding the Financial Services product offering.
- Optimising returns from the commercial property portfolio and retirement village developments.

KeyInvest continues to pursue the development of enhanced financial products and services, improved operational and sales management systems, growing distribution channels via targeted marketing campaigns and the ongoing development of skilled professionals to deliver the strategies that underpin the Group's strategic objectives.

Review of the Consolidated Entity's Operations and Results

An overview of the consolidated entity's operations is provided in the Chairman's and CEO's Report.

Operating revenue of the consolidated entity for FY21 was $6,371,310 (FY20: $7,631,580).

The consolidated entity's net profit (loss) from ordinary activities after income tax for FY21 was $(151,778) (FY20: $(5,290,184)).

The net assets of the consolidated entity as at 30 June 2021 decreased to $27,491,569 (30 June 2020: $27,643,347).

Financial Services

Growth in members' Funds Under Management over the financial year was over 9% for FY21 to $246,175,332 (FY20: $225,604,876).

KeyInvest's capital guaranteed funeral and life investment funds continue to be impacted by historically low fixed income yields. It is anticipated that bonuses will remain very low as long as the ultra-low interest rate environment persists, together with the requirement to retain earnings in order to maintain strong capital adequacy within the capital guaranteed funds.

New members in the KeyInvest Funeral Bond have shown strong support for the greater investment choice and the opportunity for growth in their investments provided by the three unitised funds, with over 40% of inflows utilising this product option during FY21.

The significant increase in investment revenue reflected strong growth in equities markets which benefited many of the Life Events Bond Funds.

DIRECTORS' REPORT

Property and Retirement Services

The consolidated entity continues to manage two commercial properties providing office accommodation and two retirement villages. In FY21, the consolidated entity generated rental income of $705,045 (FY20: $621,641).

The small loss in deferred management fees and development margins loss in FY21 of $(11,416) (FY20: $1,435,033) reflected very low transaction levels on a greatly reduced retirement village portfolio.

Significant Changes in State of Affairs

No significant changes in the consolidated entity's state of affairs occurred during the financial year.

After Balance Date Events

Other than as disclosed in this report or the financial statements, there have been no matters or circumstances that have arisen, which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments, Prospects and Business Strategies

Disclosure of information relating to future developments of the consolidated entity in future financial years is likely to result in unreasonable prejudice to the interests of the consolidated entity. Accordingly, this information has not been disclosed in this Report.

Directors

The names and particulars of the Directors of the company during the financial year:

	**Dr Roger Sexton AM** Chairman (Independent Non Executive)	BEc (Hons), MEc, PhD (Econ), FAICD, SF Fin, CPMgr, CUniv Appointed Director on 1 October 2003. Dr Sexton is Chairman of the Remuneration and Nomination Committee. Dr Sexton is an Investment Banker with over 40 years' experience and is a specialist in corporate reconstruction, financial planning and funds management. He is a Director of a number of private and public company boards and organisations.
	**Daryl Stillwell** Deputy Chairman (Independent Non Executive)	BA, Dip App Psych, Reg Psych MAPS, MCOP, FAICD, CMC Appointed Director on 1 July 2005. Mr Stillwell is Chairman of the Corporate Governance Committee and a member of the Finance and Investment Committee and the Remuneration and Nomination Committee. Mr Stillwell is Managing Director of a human resources consulting company and has over 40 years' experience within that industry.
	**Donny Walford** Director (Independent Non Executive)	FAICD Appointed Director on 1 July 2005. Ms Walford is the Chairman of the Finance and Investment Committee and a member of the Remuneration and Nomination Committee. Ms Walford is Managing Director of Leadership and Executive Coaching companies and has extensive experience in financial management, human resources, strategic planning and project management.
	**Geoff Vogt** Director (Independent Non Executive)	BEc, FAICD, FGIA, FCIS, SF Fin, FCPA, ANZIF (Assoc), CTP, RFD Appointed Director on 27 May 2010. Mr Vogt is the Chairman of the Board Audit Committee and a member of the Board Risk Committee and the Finance and Investment Committee. Mr Vogt is CEO of the Industry Leaders Fund Inc and a Director on a number of boards. Previously he worked as a CEO and in other senior executive roles primarily in the finance and insurance industries.

Marcus La Vincente AM LLB, MBA, FAICD, FANZCN, FNSSA, Notary Public

Director (Independent Non Executive)

Appointed Director on 15 November 2011. Mr La Vincente is the Chairman of the Board Risk Committee, a member of the Board Audit Committee and a member and former Chairman of the Corporate Governance Committee. After many years as a Partner with the international law firm Minter Ellison, Mr La Vincente now consults to that firm as a Senior Legal Adviser. He has extensive commercial and corporate law experience as well as acting for a number of prominent not for profit organisations. Mr La Vincente has also been a Director of a number of private and public company boards and organisations.

Chantale Millard BCom, Dip Management, FCPA, GAICD

Director (Independent Non Executive)

Appointed Director on 11 October 2018. Ms Millard is a member of the Board Audit Committee, the Board Risk Committee and the Corporate Governance Committee. Ms Millard has over 20 years' experience in a variety of senior executive and board roles in the areas of financial asset management and manufacturing. Ms Millard is currently Managing Director of Maggie Beer Holdings Limited, a South Australian based, publicly listed premium food and beverage group and e-commerce business. Ms Millard is a FCPA and has over 10 years' experience in director roles.

The following persons were Directors of the following controlled entities of KeyInvest Ltd during FY21 and/or as at the date this Annual Report was published.

• Chiton RV Pty Ltd • KeyInvest Retirement Living Pty Ltd • KeyInvest Burton Pty Ltd • KeyInvest Horsham Pty Ltd • Life Events Bond Pty Ltd	Stephen Aspinall and Stephen Favretto.
• KeyInvest Managed Investments Pty Ltd	Stephen Aspinall.
• KeyInvest Funds Management Pty Ltd	Roger Sexton, Marcus La Vincente, Geoff Vogt, Stephen Aspinall and Dion Silvy.
• KeyInvest Foundation Pty Ltd	Roger Sexton, Stephen Aspinall and Dion Silvy.

Chief Executive Officer

Stephen Aspinall, DipFMBM, FFin, FAIBF, MICM, MAICD

Mr Aspinall was appointed Chief Operating Officer on 1 February 2016 and Chief Executive Officer on 1 October 2018. Mr Aspinall has over 30 years' experience in banking, finance, broking and funds management. Between 2004-2016 Mr Aspinall's principal employment involved the establishment and day to day management of property and mortgage managed investment schemes for retail and wholesale investors. Mr Aspinall holds a Diploma of Financial Services (Finance / Mortgage Broking Management).

Chief Investment Officer and Company Secretary

Dion Silvy, Chartered Secretary, AGIA, ACIS, BFin, GradDipAppFin (Wealth Management), GAICD

Mr Silvy was appointed Company Secretary on 27 March 2014. Mr Silvy's professional experience includes corporate advisory and corporate secretarial work for numerous Australian and international companies and four years with the Australian Securities Exchange (ASX) advising listed companies on compliance with the ASX Listing Rules. In addition to his professional qualification as a Chartered Secretary he holds a Bachelor of Finance, a Diploma of Applied Finance and Investment, and is a graduate of the AICD Company Directors Course.

Directors' Meetings

The table below shows the number of Directors' meetings of the company held (including meetings of Board Committees) and the number of meetings attended by each of the Directors of the company during the year:

	Board of Directors		Corporate Governance*		Finance and Investment		Remuneration and Nomination		Board Audit		Board Risk	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R N Sexton	12	12	-	-	-	-	3	3	-	-	-	-
D L Stillwell	12	11	2	2	5	5	3	3	-	-	-	-
D Walford	12	12	-	-	5	5	3	3	-	-	-	-
G T Vogt	12	12	-	-	5	5	-	-	6	6	5	5
M D La Vincente	12	12	2	2	-	-	-	-	6	6	5	5
C M Millard	12	12	2	2	-	-	-	-	6	6	5	5

* The Corporate Governance Committee was amalgamated with the Board Risk Committee to form the Board Risk and Governance Committee effective 1 July 2021.

Indemnification of Officers or Auditors

During FY21 the company paid a premium in respect of a contract insuring the Directors, the Company Secretary and all officers of the consolidated entity, against liabilities incurred in their capacity as a director, secretary or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liabilities covered and the amount of premium.

During or since the end of FY21 the company has not indemnified or made a relevant agreement to indemnify the consolidated entity's Auditor against a liability arising out of their conduct while acting as the consolidated entity's Auditor. In addition, the consolidated entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by the consolidated entity's Auditor.

Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings. The consolidated entity was not a party to any such proceedings during FY21.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The consolidated entity promotes environmentally sustainable business practices across all its operations. The company has a policy of providing a safe environment for its staff, customers and residents.

DIRECTORS' REPORT

Company Structure and Dividend Policy

The company is a public company, limited by shares and guarantee:

- No shares have been issued with respect to the company and the Directors have no present intention to issue shares or declare any dividends in FY22.
- The guarantee provided by members acts as both the means of membership of the company and the means of limiting the members' liability (the amount of each member's guarantee is up to a maximum of $1).

Options

No options over interests in the consolidated entity were granted during or since the end of FY21 and there were no options outstanding at the date of this report.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 follows the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors.

Dr Roger N Sexton AM
Chairman

Date: 28 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

Nexia Edwards Marshall

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of KeyInvest Ltd.

As lead audit partner for the audit of the financial statements of KeyInvest Ltd for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

28 September 2021

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KeyInvest Ltd
Statements of comprehensive income
For the year ended 30 June 2021

	Note	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Revenue	3	2,963,482	4,429,621	2,939,898	4,152,741
Other income	4	3,220,877	3,176,998	2,274,705	4,292,761
Interest revenue		186,951	24,961	186,705	24,429
Total revenue		6,371,310	7,631,580	5,401,308	8,469,931
Expenses					
Expenses	5	(7,403,066)	(15,584,731)	(6,555,173)	(12,529,879)
Total expenses		(7,403,066)	(15,584,731)	(6,555,173)	(12,529,879)
Deficit before income tax benefit		(1,031,756)	(7,953,151)	(1,153,865)	(4,059,948)
Income tax benefit	6	879,978	2,662,967	930,106	2,410,085
Life investment contracts	31				
Revenue		14,000,606	2,163,399	14,000,606	2,163,399
Expenses		(10,844,968)	(3,541,251)	(10,844,968)	(3,541,251)
Income tax benefit/(expense)		(3,213,046)	380,834	(3,213,046)	380,834
Add back: deficit after income tax expense		57,408	997,018	57,408	997,018
Life investment contracts contribution to profit, net of tax		-	-	-	-
Deficit after income tax benefit for the year attributable to the members of KeyInvest Ltd		(151,778)	(5,290,184)	(223,759)	(1,649,863)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the members of KeyInvest Ltd		(151,778)	(5,290,184)	(223,759)	(1,649,863)

KeyInvest Ltd
Statements of financial position
As at 30 June 2021

	Note	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Assets					
Cash and cash equivalents	7	4,311,369	5,669,999	4,131,023	5,553,222
Financial assets at amortised cost	8	7,020,000	6,520,000	7,000,000	6,500,000
Other investments	9	-	-	35,008	35,003
Receivables	10	2,574,098	1,221,394	7,971,493	8,206,545
Investment property	11	14,526,298	15,126,349	8,780,000	8,000,000
Property, plant and equipment	12	1,001,537	603,609	1,000,870	598,892
Life investment contracts policyholder assets	13	246,175,332	225,604,876	246,175,332	225,604,876
Deferred tax assets	14	218,764	871,564	218,764	871,564
Intangible assets	15	330,000	330,000	330,000	330,000
Total assets		276,157,398	255,947,791	275,642,490	255,700,102
Liabilities					
Payables	16	1,427,660	867,072	1,134,635	719,158
Provisions	17	508,843	1,709,955	508,843	1,709,955
Life investment contracts policyholder liabilities	18	246,175,332	225,604,876	246,175,332	225,604,876
Current tax liabilities		198,731	-	381,326	-
Deferred tax liabilities	19	355,263	122,541	-	-
Total liabilities		248,665,829	228,304,444	248,200,136	228,033,989
Net assets		27,491,569	27,643,347	27,442,354	27,666,113
Equity					
Retained earnings		27,491,569	27,643,347	27,442,354	27,666,113
Total equity		27,491,569	27,643,347	27,442,354	27,666,113

KeyInvest Ltd
Statements of changes in equity
For the year ended 30 June 2021

Consolidated Entity	Retained earnings $	Total equity $
Balance at 1 July 2019	32,933,531	32,933,531
Deficit after income tax benefit for the year	(5,290,184)	(5,290,184)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(5,290,184)	(5,290,184)
Balance at 30 June 2020	27,643,347	27,643,347

Consolidated Entity	Retained earnings $	Total equity $
Balance at 1 July 2020	27,643,347	27,643,347
Deficit after income tax benefit for the year	(151,778)	(151,778)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(151,778)	(151,778)
Balance at 30 June 2021	27,491,569	27,491,569

Parent Entity	Retained earnings $	Total equity $
Balance at 1 July 2019	29,315,976	29,315,976
Deficit after income tax benefit for the year	(1,649,863)	(1,649,863)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(1,649,863)	(1,649,863)
Balance at 30 June 2020	27,666,113	27,666,113

Parent Entity	Retained earnings $	Total equity $
Balance at 1 July 2020	27,666,113	27,666,113
Deficit after income tax benefit for the year	(223,759)	(223,759)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(223,759)	(223,759)
Balance at 30 June 2021	27,442,354	27,442,354

KeyInvest Ltd
Statements of cash flows
For the year ended 30 June 2021

	Note	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		2,063,092	3,627,227	1,686,414	1,711,238
Payments to suppliers and employees (inclusive of GST)		(6,525,454)	(13,977,179)	(6,045,931)	(11,359,905)
Net receipts from issue of retirement village loans and licences		-	1,156,560	-	976,010
Interest and investment management fee receipts		2,800,414	2,532,198	2,777,748	2,308,157
Net GST recovered/(paid)		129,339	45,641	142,965	56,014
		(1,532,609)	(6,615,553)	(1,438,804)	(6,308,486)
Interest and other finance costs paid		(8,601)	(285,728)	(8,322)	(172,156)
Income taxes received from benefit funds		655,159	527,246	655,159	527,246
Net cash used in operating activities	28	(886,051)	(6,374,035)	(791,967)	(5,953,396)
Cash flows from investing activities					
Capital expenditure on retirement villages		-	(538,206)	-	(515,292)
Payments for property, plant and equipment	12	(652,620)	(85,014)	(652,620)	(76,362)
Capital expenditure on buildings	11	(420,367)	(10,768)	(418,677)	(10,768)
Receipts for financial assets		6,500,000	-	6,500,000	-
Payments for financial assets		(7,000,000)	(6,520,000)	(7,000,000)	(6,500,000)
Termination payment		(892,568)	-	(892,568)	-
Payments for shares in controlled entities		-	-	(5)	(20,000)
Proceeds from disposal of financial assets		-	1,278,610	-	1,278,610
Proceeds from disposal of property, plant and equipment		2,976	-	-	-
Proceeds from disposal of investment property		-	20,506,360	-	13,500,000
Proceeds from sale of retirement village new units and buybacks		1,990,000	5,344,000	-	1,643,000
Net cash from/(used in) investing activities		(472,579)	19,974,982	(2,463,870)	9,299,188
Cash flows from financing activities					
Proceeds from borrowings	29	-	530,626	-	530,626
Repayment of borrowings	29	-	(10,073,309)	-	(6,360,640)
Loans repaid from/(to) subsidiaries		-	-	1,833,638	6,873,678
Net cash from/(used in) financing activities		-	(9,542,683)	1,833,638	1,043,664
Net increase/(decrease) in cash and cash equivalents		(1,358,630)	4,058,264	(1,422,199)	4,389,456
Cash and cash equivalents at the beginning of the financial year		5,669,999	1,611,735	5,553,222	1,163,766
Cash and cash equivalents at the end of the financial year	7	4,311,369	5,669,999	4,131,023	5,553,222

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

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 AASB, the Corporations Act 2001 and the Life Insurance Act 1995, as appropriate for complying entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 consolidated entity's and 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 2.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of KeyInvest Ltd ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. KeyInvest Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in note 25 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity'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.

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.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Retirement villages
The consolidated entity is involved in the construction and management of retirement villages. During acquisition and construction, retirement villages will be recognised at cost and when “units of account” are complete, or substantially complete, they are stated at fair value. Land and work in progress available for future retirement village development are held at fair value or cost and tested for impairment. The fair value represents the present value of future cash flows based upon statistical modelling of incoming and outgoing residents and includes assumptions in respect of a number of factors, such as average length of residence and expected changes in property prices. A “unit of account” for present value of future cash flow purposes is a stage of the retirement village development which comprises apportionment of land and infrastructure and complete or substantially complete dwellings.

The retirement villages are re-valued annually as at 30 June on the basis of a discounted cash flow evaluation of the consolidated entity’s ongoing interest in the retirement villages. These valuations are carried out by Certified Practising Valuers and by the consolidated entity's Directors in a cycle which results in each retirement village being independently valued by a Certified Practising Valuer at least every third year. The increment or decrement resulting from the valuation is added to or deducted from the retirement village asset account (note 11). The consolidated entity’s interest, net of residents’ interests, is shown in note 11 and the movement in the total increment or decrement resulting from the revaluation is reflected in the Statement of comprehensive income.

Note 1. Significant accounting policies (continued)

The classification of land and work in progress within investment property reflects the nature and purpose of these assets in accordance with AASB 140, paragraph 8(e) which indicates such items should be classified within investment property as it is “property being constructed or developed for future use as investment property”.

Long Term Maintenance Funds have been established from resident contributions for the purpose of maintenance, repair, replacement or renovation of large cost items generally with an effective life of more than one year. Capital Replacement Funds have been established from the retention of a percentage of the resident loan amount generally for the purpose of capital improvement, upgrade and maintenance of specific infrastructure.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal or value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit ('CGU') to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a CGU.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Tax consolidation
KeyInvest Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the tax consolidated group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the “stand alone taxpayer” approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2008. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to, the head entity.

New accounting standards and interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021.

Life business - disclosure
The financial statements recognise the assets, liabilities, income and expenses of the life insurance business conducted by the consolidated entity in accordance with AASB 9: Financial Instruments: Recognition and Measurement and AASB 1038: Life Insurance Contracts which apply to investment contracts and assets backing insurance liabilities respectively. These amounts represent the total life business of the consolidated entity.

Note 1. Significant accounting policies (continued)

Restriction on assets
Assets held in the life funds can only be used within the restrictions imposed under the Life Insurance Act 1995. The main restrictions are that the assets in a fund can only be used to meet the liabilities and expenses of the fund, acquire investments to further the business of the fund or pay distributions when capital adequacy requirements allow. Policyholders can only receive a distribution when the capital adequacy requirements of the Life Insurance Act 1995 are met.

Policy liabilities
Life insurance liabilities are measured as the accumulated benefits to policyholders in accordance with AASB 9 and AASB 1038, which apply to investment contracts and assets backing insurance liabilities respectively.

Investment assets
Investment assets are carried at fair value through profit and loss. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. Changes in fair values are recognised in the Statement of comprehensive income in the financial period in which the changes occur.

Note 2. 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.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured 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; and
Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity 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 consolidated entity 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 1. The recoverable amounts of CGU's have been determined based on the higher of fair value less cost to sell and 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Investment property
Investment property comprises freehold office buildings and retirement villages. The office buildings are held to generate long term rental yields and capital appreciation. Retirement villages are held to provide long term revenue from deferred management fees and development margins. All tenant leases and loan contracts are on an arm’s length basis. Investment property is carried at fair value, determined annually either by independent valuers on a three year cycle or the consolidated entity's Directors. Changes to fair value are recorded in the Statement of comprehensive income.

In accounting for its retirement villages in accordance with AASB 140: Investment property, the consolidated entity defines an investment property unit of account to represent a stage of retirement village development.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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

Employee benefits provision
As discussed in the Provision note, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Management fees	2,974,898	2,994,588	2,939,898	2,994,588
Deferred management fees and development margin on sale of retirement village loans and licences	(11,416)	1,435,033	-	1,158,153
Revenue	2,963,482	4,429,621	2,939,898	4,152,741

Accounting policy for revenue recognition
Revenue is measured at the fair value of the consideration received or receivable.

Management fees
The parent entity receives various fees from the life investment contracts. These fees are recognised and brought to account in accordance with the rules of the respective benefit funds and the KeyInvest Ltd constitution. Management fees are considered revenue from contracts with customers.

Retirement village unit sales
Revenue on sales of retirement village units and apartments are recognised on the execution of a loan contract and receipt of the loan proceeds.

Note 4. Other income

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Surplus from revaluation of investment properties	1,297,633	-	361,323	-
Reversal of impairment of inter-company loans	-	-	356,348	2,011,885
Rental income	705,045	621,641	705,045	621,641
Accommodation fees from retirement village residents	245,941	1,817,883	-	1,044,084
Other	972,258	737,474	851,989	615,151
Other income	3,220,877	3,176,998	2,274,705	4,292,761

Property rental
Rental income from tenancy leases is recognised on an accruals basis. Any lease incentives are usually provided via contributions to fit-out costs, rental holidays or rental discounts. Rental, or maintenance fees, from retirement village residents, is brought to account over the period of accommodation.

Income from sale of property, plant and equipment
The profit or loss on the sale of property, plant and equipment used for operational purposes is recognised upon the sale of the asset.

Note 5. Expenses

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Audit fees	83,648	91,778	81,798	83,297
Actuarial fees	77,904	68,638	77,904	55,705
Depreciation and amortisation	251,447	368,750	250,643	318,327
Regulatory supervision fees	79,283	63,164	77,661	61,722
Salaries, wages and on costs	2,653,648	3,515,157	2,508,020	2,632,462
Employee benefits	45,365	233,460	41,737	217,869
Superannuation contributions	235,271	315,710	222,114	242,073
Commissions	92,637	124,536	92,637	106,536
Impairment and revaluations	323,050	1,798,363	84,931	1,139,519
Outsourced arrangements	218,970	489,752	218,970	489,752
Rates and taxes	278,433	984,738	227,580	710,501
Marketing	148,067	508,282	147,732	341,838
Borrowing costs/bank charges	8,601	411,596	8,322	172,782
Information technology	535,164	385,620	534,273	299,400
Maintenance	205,082	273,205	104,709	121,230
Professional services	407,339	382,319	383,827	352,439
Loss on disposal of assets	-	782,901	-	782,901
Loss on sale of assets	271	2,418,073	-	2,614,433
Other operating expenses	1,758,886	2,368,689	1,492,315	1,787,093
	7,403,066	15,584,731	6,555,173	12,529,879

Note 6. Income tax benefit

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Income tax benefit				
Current tax	(1,608,401)	6,409,522	(1,426,069)	5,021,493
Adjustment recognised for prior periods	(973)	(25,890)	(710)	(25,890)
Deferred tax	729,396	(9,046,599)	496,673	(7,405,688)
Aggregate income tax benefit	(879,978)	(2,662,967)	(930,106)	(2,410,085)
Numerical reconciliation of income tax benefit and tax at the statutory rate				
Deficit before income tax benefit	(1,031,756)	(7,953,151)	(1,153,865)	(4,059,948)
Tax at the statutory tax rate of 30%	(309,527)	(2,385,945)	(346,160)	(1,217,984)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Non-assessable income	(81,035)	52,397	(81,035)	52,397
Impairment adjustments	-	-	(81,425)	(301,691)
Net adjustments arising from retirement villages	-	(542,646)	-	(503,393)
Net adjustments arising from life investment contracts	(469,845)	(229,356)	(469,845)	(229,356)
Non-deductible expenditure	49,183	(170,946)	49,069	(184,168)
Capital loss movement	(67,781)	639,419	-	-
	(879,005)	(2,637,077)	(929,396)	(2,384,195)
Adjustment recognised for prior periods	(973)	(25,890)	(710)	(25,890)
Income tax benefit	(879,978)	(2,662,967)	(930,106)	(2,410,085)

Note 7. Cash and cash equivalents

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Cash at bank and in hand	356,098	2,006,186	175,752	2,005,604
Short term money market	3,955,271	3,663,813	3,955,271	3,547,618
	4,311,369	5,669,999	4,131,023	5,553,222

Accounting policy for 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 six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Financial assets at amortised cost

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Term deposits	20,000	6,520,000	-	6,500,000
Loans - secured	7,000,000	-	7,000,000	-
	7,020,000	6,520,000	7,000,000	6,500,000

Refer to note 21 for further information on fair value measurement.

Note 9. Other investments

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Shares in controlled entities	-	-	35,008	35,003

Note 10. Receivables

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Prepayments	341,518	226,919	336,720	226,919
Loans to controlled entities - unsecured	-	-	5,429,534	6,991,755
Receivable from life funds	2,205,239	973,061	2,205,239	973,061
Interest and distributions receivable	25	7,460	-	7,408
Other	27,316	13,954	-	7,402
	2,574,098	1,221,394	7,971,493	8,206,545

Note 11. Investment property

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Land and buildings - opening balance	8,000,000	8,122,502	8,000,000	8,122,502
Acquisitions, additions and disposals	418,677	10,768	418,677	10,768
Fair value adjustments	361,323	(133,270)	361,323	(133,270)
	8,780,000	8,000,000	8,780,000	8,000,000
Retirement villages - opening balance	4,547,000	28,898,000	-	14,513,000
Additions and reductions	1,690	(904)	-	-
Disposals	-	(21,323,000)	-	(14,513,000)
Revaluation of consolidated entity's interests	(527,250)	(627,675)	-	-
Revaluation of residents' interests	(1,467,750)	(2,274,328)	-	-
Fair value adjustments	776,310	(125,093)	-	-
	3,330,000	4,547,000	-	-
Retirement villages - undeveloped land - opening balance	2,030,000	3,943,803	-	663,803
Disposals	-	(663,803)	-	(663,803)
Fair value adjustments	160,000	(1,250,000)	-	-
	2,190,000	2,030,000	-	-
Retirement villages - work in progress - opening balance	549,350	1,785,580	-	946,231
Acquisitions, additions and disposals	-	(946,230)	-	(946,231)
Fair value adjustments	(323,050)	(290,000)	-	-
	226,300	549,350	-	-
	14,526,298	15,126,349	8,780,000	8,000,000

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Opening fair value	15,126,349	42,749,885	8,000,000	24,245,536
Additions	420,367	9,864	418,677	10,768
Disposals	-	(22,933,033)	-	(16,123,034)
Revaluation (decrements)/increments	(1,020,418)	(4,700,367)	361,323	(133,270)
Closing fair value	14,526,298	15,126,349	8,780,000	8,000,000

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Retirement villages				
Investment in the retirement villages as at 30 June was:				
Development and acquisition costs	24,396,577	24,399,890	-	-
Revaluation of consolidated entity's interests	(175,577)	(951,890)	-	-
Revaluation of residents' interests	(3,086,950)	(2,564,700)	-	-
Residents' loans and licences	(17,804,050)	(16,336,300)	-	-
Total units of account at fair value	3,330,000	4,547,000	-	-
Total at cost (after testing for impairment)				
Undeveloped land	2,190,000	2,030,000	-	-
Work in progress	226,300	549,350	-	-
Total net investment	5,746,300	7,126,349	-	-

Note 11. Investment property (continued)

Valuations of investment properties
The 2021 valuations were conducted by external accredited independent valuer Knight Frank Valuations and by the consolidated entity's Directors. Investment properties are stated at fair value. Where the Directors determine a property's value a reasonable fair value estimate as applicable to each type of investment property is used. Fair value for completed retirement villages valued by the consolidated entity's Directors is determined using a financial model which calculates the net present value of future cash flows. The financial model incorporates information including:

(i) current prices in an active market for properties of a similar nature; and
(ii) resident turnover rates based on business experience including the expected average length of residence based on mortality assumptions and voluntary turnover, average incoming ages and distributions.

Refer to note 21 for further information on fair value measurement.

Note 12. Property, plant and equipment

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Furniture, equipment and software - at cost	1,920,867	1,678,573	1,884,277	1,638,737
Less: Accumulated depreciation	(1,337,505)	(1,100,392)	(1,301,582)	(1,065,273)
	583,362	578,181	582,695	573,464
Motor vehicles - at cost	63,707	63,707	63,707	63,707
Less: Accumulated depreciation	(52,613)	(38,279)	(52,613)	(38,279)
	11,094	25,428	11,094	25,428
Work in progress - at cost	407,081	-	407,081	-
	407,081	-	407,081	-
	1,001,537	603,609	1,000,870	598,892

Consolidated Entity	Furniture, equipment and software $	Motor vehicles $	Work in progress $	Total $
Balance at 1 July 2019	775,922	35,126	-	811,048
Additions	85,014	-	-	85,014
Disposals	(32,623)	(1,080)	-	(33,703)
Depreciation expense	(250,133)	(8,617)	-	(258,750)
Balance at 30 June 2020	578,180	25,429	-	603,609
Additions	245,539	-	407,081	652,620
Disposals	(3,245)	-	-	(3,245)
Depreciation expense	(237,113)	(14,334)	-	(251,447)
Balance at 30 June 2021	583,361	11,095	407,081	1,001,537

Note 12. Property, plant and equipment (continued)

Parent Entity	Furniture, equipment and software $	Motor vehicles $	Work in progress $	Total $
Balance at 1 July 2019	768,816	35,126	-	803,942
Additions	76,362	-	-	76,362
Disposals	(23,954)	(1,080)	-	(25,034)
Depreciation expense	(247,761)	(8,617)	-	(256,378)
Balance at 30 June 2020	573,463	25,429	-	598,892
Additions	245,539	-	407,081	652,620
Disposals	-	-	-	-
Depreciation expense	(236,308)	(14,334)	-	(250,642)
Balance at 30 June 2021	582,694	11,095	407,081	1,000,870

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	3% to 40%
Furniture and fittings	1% to 18%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Life investment contracts policyholder assets

	Consolidated Entity		Parent Entity	
	2021 $	2020 $	2021 $	2020 $
Supersaver Bond Fund	19,758,155	21,580,581	19,758,155	21,580,581
Life Events Bond Funds	76,782,913	53,838,261	76,782,913	53,838,261
Pre-Arranged Funeral Fund	20,946,745	23,314,354	20,946,745	23,314,354
KeyInvest Funeral Bond	123,023,049	123,620,639	123,023,049	123,620,639
Income Security Fund	-	1,793,870	-	1,793,870
KeyInvest Funeral Bond Unitised	5,664,470	1,457,171	5,664,470	1,457,171
	246,175,332	225,604,876	246,175,332	225,604,876

Refer to note 21 for further information on fair value measurement.

Note 13. Life investment contracts policyholder assets (continued)

Actuarial report
The effective date of the actuarial report on the policy liabilities and capital adequacy is 30 June 2021. The actuarial report for KeyInvest Ltd was prepared by Bruce Watson, FIAA, and was dated 28 September 2021. The appointed actuary is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

Refer to note 31 for further information on life investment contracts.

Note 14. Deferred tax assets

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Deferred tax asset	218,764	871,564	218,764	871,564
Movements:				
Opening balance	871,564	8,288,869	871,564	7,912,028
Valuation adjustments	(67,397)	299,147	(135,179)	36,569
Carry forward tax losses	-	-	-	-
Employee benefit and payables movement	(495,599)	(12,351)	(360,036)	(12,351)
Tax losses utilised	(157,585)	(7,064,682)	(157,585)	(7,064,682)
Capital loss movement	67,781	(639,419)	-	-
Closing balance	218,764	871,564	218,764	871,564

Note 15. Intangible assets

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Intellectual property - at cost	440,000	440,000	440,000	440,000
Less: Impairment of assets	(110,000)	(110,000)	(110,000)	(110,000)
	330,000	330,000	330,000	330,000

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

Consolidated Entity	Intellectual Property $	Total $
Balance at 1 July 2019	440,000	440,000
Impairment of assets	(110,000)	(110,000)
Balance at 30 June 2020	330,000	330,000
Impairment of assets	-	-
Balance at 30 June 2021	330,000	330,000

Note 15. Intangible assets (continued)

Parent Entity	Intellectual Property $	Total $
Balance at 1 July 2019	440,000	440,000
Impairment of assets	(110,000)	(110,000)
Balance at 30 June 2020	330,000	330,000
Impairment of assets	-	-
Balance at 30 June 2021	330,000	330,000

Note 16. Payables

	Consolidated Entity		Parent Entity	
	2021 $	2020 $	2021 $	2020 $
Trade creditors	631,647	291,997	622,602	291,898
Creditors and accrued expenses	181,719	288,933	180,317	299,009
Accrued expenses	350,544	140,868	331,716	128,251
Retirement village maintenance fund liabilities	263,750	145,274	-	-
	1,427,660	867,072	1,134,635	719,158

Refer to note 20 for further information on financial risk management.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity 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.

Note 17. Provisions

	Consolidated Entity		Parent Entity	
	2021 $	2020 $	2021 $	2020 $
Annual leave	212,481	201,488	212,481	201,488
Long service leave	283,069	252,234	283,069	252,234
Superannuation	13,293	-	13,293	-
Unearned income - contract liabilities	-	1,256,233	-	1,256,233
	508,843	1,709,955	508,843	1,709,955

Short term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 17. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated Entity - 2021	Unearned income $
Carrying amount at the start of the year	1,256,233
Amounts used	(363,665)
Amount repaid	(892,568)
Carrying amount at the end of the year	-

Parent Entity - 2021	Unearned income $
Carrying amount at the start of the year	1,256,233
Amounts used	(363,665)
Amount repaid	(892,568)
Carrying amount at the end of the year	-

Accounting policy for provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for other long term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows after taking into account the factors outlined in note 1.

Accounting policy for contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 18. Life investment contracts policyholder liabilities

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Supersaver Bond Fund	19,758,155	21,580,581	19,758,155	21,580,581
Life Events Bond Funds	76,782,913	53,838,261	76,782,913	53,838,261
Pre-Arranged Funeral Fund	20,946,745	23,314,354	20,946,745	23,314,354
KeyInvest Funeral Fund	123,023,049	123,620,639	123,023,049	123,620,639
Income Security Fund	-	1,793,870	-	1,793,870
KeyInvest Funeral Fund Unitised	5,664,470	1,457,171	5,664,470	1,457,171
	246,175,332	225,604,876	246,175,332	225,604,876

Refer to note 31 for further information on life investment contracts.

Note 19. Deferred tax liabilities

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Deferred tax liability	355,263	122,541	-	-
Movements:				
Opening balance	122,541	9,547,933	-	7,407,640
Valuation adjustments	232,722	(94,147)	-	-
Reduction on disposal of investment properties	-	(9,331,245)	-	(7,407,640)
Closing balance	355,263	122,541	-	-

Note 20. Financial risk management

a Financial risk management policies
Insurance contracts (Statutory Funds) as defined in AASB 4: Insurance Contracts are exempted from disclosure requirements under AASB 7: Financial Instruments Disclosures. Financial risk management disclosures in this note relate to the consolidated entity's financial instruments only.

The consolidated entity complies with the APRA Prudential Standard - Capital Adequacy LPS 110 which prescribes specific reserves to be established to meet a wide range of adverse but plausible conditions including the requirement that the consolidated entity be able to meet its obligations in respect of any business it carries on that is not life insurance business as those obligations fall due.

The consolidated entity's financial instruments consist mainly of deposits with banks and local money markets, short term investments, listed shares, unlisted unit trusts and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to manage capital for consolidated entity operations. The consolidated entity does not have any derivative instruments at 30 June 2021.

Note 20. Financial risk management (continued)

Investment risk management: On a regular basis the Management Investment Committee assesses and evaluates financial risk exposure and investment management strategies in the context of the most recent economic conditions and forecasts.

Management's overall risk management strategy seeks to assist the consolidated entity in meeting its strategic goals and financial targets, whilst minimising potential adverse effects on financial performance.

The Management Investment Committee operates under the policies approved by the Board of Directors. Risk Management policies are approved and reviewed by the Board on a regular basis. These policies cover liquidity risk, market risk and credit risk.

Financial risk exposures and management: The main risks the consolidated entity is exposed to through the financial instruments are liquidity risk, market risk and credit risk.

Liquidity risk: Liquidity risk is the risk that the consolidated entity is unable to promptly meet its obligations as they fall due.

The consolidated entity manages liquidity risk by monitoring forecast cash flows modelled on a 12 month time frame and applying limits to concentration of illiquid assets and counterparties. Non-committed capital is assessed regularly to determine the liquidity profile.

Market risk: Market risk is the risk that the value of assets of the consolidated entity will decline as a result of changes in market conditions. The consolidated entity is exposed to the following risks:

Price risk - equities: The consolidated entity's exposure to changes in the price and volatility of individual equities and equity indices affect the value of investments in financial assets held by the consolidated entity. This risk is primarily managed by investment diversification.

Interest rate: Interest rate risk is the risk that the value of financial assets will fluctuate due to movements in interest rate and credit markets. The consolidated entity mitigates its exposure to interest rate risk by maintaining predominantly liquid financial assets and limited exposure to fixed interest loans. For further details on interest rate risk refer to section d later in this note.

Credit risk: Credit risk is the risk of counterparty default resulting in financial loss to the consolidated entity. The maximum exposure of the consolidated entity to credit risk, at balance date, to assets that have been recognised in the Statement of financial position, is the carrying amount, net of any allowance for impairment of those assets.

The consolidated entity's credit risk arises from exposure to deposits with financial institutions. The Management Investment Committee, which reports to the Board, reviews credit risk regularly taking into account rating quality and liquidity of counterparties.

The majority of the consolidated entity's short term deposits are held with APRA regulated financial institutions. Unlisted financial assets are not rated by external credit agencies. These are reviewed regularly to ensure that credit exposure is minimised.

The table reflects the credit risk of the consolidated entity's receivables.

	Consolidated Entity		**Parent Entity**	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Receivables				
A1+ rated counterparties	25	7,460	-	7,408
Counterparties not rated	368,834	240,873	336,720	234,321
Internal receivable from life funds	2,205,239	973,061	2,205,239	973,061
Total	2,574,098	1,221,394	2,541,959	1,214,790

Note 20. Financial risk management (continued)

b Financial instruments composition and maturity analysis
The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period to maturity, as well as Management's expectations of the settlement period for all other financial instruments. For this reason, the amounts may not reconcile to the Statement of financial position.

Consolidated Entity - 2021

Financial Instruments	Fixed interest rate 1 year or less $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets				
Cash assets	-	356,098	-	356,098
Short term money market	-	3,955,271	-	3,955,271
Term deposits	20,000	-	-	20,000
Loans - secured	7,000,000	-	-	7,000,000
Receivables	-	-	2,574,098	2,574,098
Total financial assets	7,020,000	4,311,369	2,574,098	13,905,467
Financial liabilities				
Payables	-	-	1,427,660	1,427,660
Total financial liabilities	-	-	1,427,660	1,427,660

Parent Entity - 2021

Financial Instruments	Fixed interest rate 1 year or less $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets				
Cash assets	-	175,752	-	175,752
Short term money market	-	3,955,271	-	3,955,271
Term deposits	-	-	-	-
Loans - secured	7,000,000	-	-	7,000,000
Shares in controlled entities	-	-	35,008	35,008
Loans to controlled entities	-	-	5,429,534	5,429,534
Receivables	-	-	2,541,959	2,541,959
Total financial assets	7,000,000	4,131,023	8,006,501	19,137,524
Financial liabilities				
Payables	-	-	1,134,635	1,134,635
Total financial liabilities	-	-	1,134,635	1,134,635

Note 20. Financial risk management (continued)

Consolidated Entity - 2020

Financial Instruments	Fixed interest rate 1 year or less $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets				
Cash assets	-	2,006,186	-	2,006,186
Short term money market	-	3,663,813	-	3,663,813
Term deposits	6,520,000	-	-	6,520,000
Loans - secured	-	-	-	-
Receivables	-	-	1,221,394	1,221,394
Total financial assets	6,520,000	5,669,999	1,221,394	13,411,393
Financial liabilities				
Payables	-	-	867,070	867,070
Total financial liabilities	-	-	867,070	867,070

Parent Entity - 2020

Financial Instruments	Fixed interest rate 1 year or less $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets				
Cash assets	-	2,005,604	-	2,005,604
Short term money market	-	3,547,618	-	3,547,618
Term deposits	6,500,000	-	-	6,500,000
Loans - secured	-	-	-	-
Shares in controlled entities	-	-	35,003	35,003
Loans to controlled entities	-	-	6,991,755	6,991,755
Receivables	-	-	1,214,790	1,214,790
Total financial assets	6,500,000	5,553,222	8,241,548	20,294,770
Financial liabilities				
Payables	-	-	719,154	719,154
Total financial liabilities	-	-	719,154	719,154

Note 20. Financial risk management (continued)

c Net fair values
The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values in 2021: nil (2020: nil).

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date were:

	2021		2020	
	Carrying amount	**Net fair value**	**Carrying amount**	**Net fair value**
Consolidated Entity	**$**	**$**	**$**	**$**
Financial assets				
Financial assets at amortised cost	7,020,000	7,020,000	6,520,000	6,520,000
Receivables	2,574,098	2,574,098	1,221,394	1,221,394
Total financial assets	9,594,098	9,594,098	7,741,394	7,741,394
Financial liabilities				
Payables	1,427,660	1,427,660	867,070	867,070
Bank loans secured	-	-	-	-
Total financial liabilities	1,427,660	1,427,660	867,070	867,070

	2021		2020	
	Carrying amount	**Net fair value**	**Carrying amount**	**Net fair value**
Parent Entity	**$**	**$**	**$**	**$**
Financial assets				
Financial assets at amortised cost	7,000,000	7,000,000	6,500,000	6,500,000
Receivables	2,541,959	2,541,959	1,214,790	1,214,790
Total financial assets	9,541,959	9,541,959	7,714,790	7,714,790
Financial liabilities				
Payables	1,134,635	1,134,635	719,154	719,154
Bank loans secured	-	-	-	-
Total financial liabilities	1,134,635	1,134,635	719,154	719,154

Note 20. Financial risk management (continued)

d Sensitivity analysis

Interest rate sensitivity analysis: The consolidated entity has performed a sensitivity analysis relating to the exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining unchanged would be as follows:

	Change in Interest Rate %	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
		Sensitivity of profit and equity (before tax)			
Financial assets					
Cash at bank and in hand	+2	7,122	40,124	3,515	40,112
Short term money market	+2	79,105	73,276	79,105	70,952
Financial assets at amortised cost	+2	140,400	130,400	140,000	130,000
Cash at bank and in hand	-2	(7,122)	(40,124)	(3,515)	(40,112)
Short term money market	-2	(79,105)	(73,276)	(79,105)	(70,952)
Financial assets at amortised cost	-2	(140,400)	(130,400)	(140,000)	(130,000)

Note 21. Fair value measurement

Fair value hierarchy
The consolidated entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:
- derivative financial instruments
- financial assets held for trading
- financial assets at amortised cost
- freehold land and buildings
- investment properties
- obligation for contingent consideration arising from a business combination

The consolidated entity subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The consolidated entity does not subsequently measure any liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy
AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

Note 21. Fair value measurement (continued)

The following tables provide the fair values of the consolidated entity's assets and liabilities measured and recognised on a recurring basis after initial recognition and the categorisation within the fair value hierarchy:

Consolidated Entity - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	20,000	-	-	20,000
Loans - secured	-	7,000,000	-	7,000,000
Investment property	-	14,526,298	-	14,526,298
Total assets	20,000	21,526,298	-	21,546,298

Consolidated Entity - 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	6,520,000	-	-	6,520,000
Investment property	-	15,126,349	-	15,126,349
Total assets	6,520,000	15,126,349	-	21,646,349

Parent Entity - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	-	-	-	-
Loans - secured	-	7,000,000	-	7,000,000
Shares in controlled entities	-	35,008	-	35,003
Investment property	-	8,780,000	-	8,780,000
Total assets	-	15,815,008	-	15,815,008

Parent Entity - 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	6,500,000	-	-	6,500,000
Shares in controlled entities	-	35,003	-	35,003
Investment property	-	8,000,000	-	8,000,000
Total assets	6,500,000	8,035,003	-	14,535,003

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in level 3. There were no transfers between levels during the financial year.

Valuation Techniques
The consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the consolidated entity are consistent with one or more of the following valuation approaches:

Market Approach:
Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income Approach:
Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost Approach:
Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Note 21. Fair value measurement (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the consolidated entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The basis of the valuation of investment properties is fair value. The investment properties are revalued annually either by Directors of the consolidated entity or, based on independent assessments on a three year cycle, by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

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

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

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

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

Note 22. Key management personnel compensation

Other key management personnel
The key management personnel of the consolidated entity consisted of the following 10 (2020: 11) positions: Chief Executive Officer, Chief Financial Officer, Company Secretary / Chief Investment Officer, Chief Operating Officer, and Non Executive Directors (6).

Compensation
Total remuneration of the key management personnel is set out below:

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Short term employee benefits	1,461,980	1,599,739	1,461,980	1,599,739
Long term benefits	118,409	162,053	118,409	162,053
	1,580,389	1,761,792	1,580,389	1,761,792

Note 23. Capital and lease commitments

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Capital expenditure commitments				
Committed at the reporting date but not recognised as liabilities	-	-	-	-
Payable				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	-	-	-	-

Note 24. Related party transactions

Parent entity
The ultimate parent entity is KeyInvest Ltd which is incorporated in Australia.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
Other than specific transactions listed below, other transactions with related parties during the current and previous financial year have been eliminated as a part of producing the consolidated financial reports.

The following specific transactions occurred with related parties:

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Payment for goods and services:				
Mr D L Stillwell is a Director of a human resource management consultancy that received fees for human resources services provided to the consolidated entity.	-	3,376	-	3,376

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

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Life Events Bond Pty Ltd	Australia	100.00%	100.00%
KeyInvest Managed Investments Pty Ltd	Australia	100.00%	100.00%
KeyInvest Retirement Living Pty Ltd	Australia	100.00%	100.00%
KeyInvest Horsham Pty Ltd	Australia	100.00%	100.00%
Chiton RV Pty Ltd ATF Chiton RV Unit Trust	Australia	100.00%	100.00%
Chiton RV Unit Trust	Australia	100.00%	100.00%
KeyInvest Burton Pty Ltd	Australia	100.00%	100.00%
KeyInvest Foundation Pty Ltd	Australia	100.00%	0%
KeyInvest Funds Management Pty Ltd	Australia	100.00%	0%

Percentage of voting power is in proportion to ownership.

Note 26. Economic dependency

The consolidated entity has economic dependency on Corporate Information Management Pty Ltd for the provision of information technology services in relation to the consolidated entity's life funds membership system. At the date of this report, the consolidated entity has transferred to a new life funds member registry system known as Garradin, provided by ASX listed Bravura Solutions Limited.

Note 27. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other events subsequent to 30 June 2021 that need to be disclosed in the financial statements.

Note 28. Reconciliation of deficit after income tax to net cash used in operating activities

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Deficit after income tax benefit for the year	(151,778)	(5,290,184)	(223,759)	(1,649,863)
Adjustments for:				
Depreciation and amortisation	251,447	368,750	250,642	366,378
Write off of property, plant and equipment	-	33,703	-	25,034
Finance costs	-	125,868	-	625
(Revaluation)/impairment of assets	(974,582)	1,798,364	(632,740)	(872,366)
Net loss on disposal of investment property	-	2,418,073	-	2,614,433
Net loss on disposal of property, plant and equipment	269	-	-	-
Change in operating assets and liabilities:				
Increase in receivables	(1,347,704)	(26,798)	(1,327,169)	(1,843,960)
Decrease in the consolidated entity's net interests in retirement villages	-	(1,894,286)	-	(2,910,222)
Decrease in deferred tax assets	652,800	7,417,305	652,800	7,040,464
Increase/(decrease) in payables	560,588	(1,467,792)	415,477	(884,637)
Increase in provision for income tax	198,731	-	381,326	-
Increase/(decrease) in deferred tax liabilities	232,722	(9,425,392)	-	(7,407,640)
Increase/(decrease) in provisions	55,121	(56,235)	55,121	(56,231)
Decrease in unearned income	(363,665)	(375,411)	(363,665)	(375,411)
Net cash used in operating activities	(886,051)	(6,374,035)	(791,967)	(5,953,396)

Note 29. Changes in liabilities arising from financing activities

Consolidated Entity	Proceeds from borrowing $	Repayment of borrowings $	Borrowing costs $	Total $
Balance at 1 July 2019	20,122,361	(11,512,853)	807,307	9,416,815
Loans received	530,626	(10,073,309)	125,868	(9,416,815)
Balance at 30 June 2020	20,652,987	(21,586,162)	933,175	-
Loans received	-	-	-	-
Balance at 30 June 2021	20,652,987	(21,586,162)	933,175	-

Parent Entity	Proceeds from borrowing $	Repayment of borrowings $	Borrowing costs $	Total $
Balance at 1 July 2019	10,865,736	(5,057,047)	20,699	5,829,388
Loans received	530,626	(6,360,639)	625	(5,829,388)
Balance at 30 June 2020	11,396,362	(11,417,686)	21,324	-
Loans received	-	-	-	-
Balance at 30 June 2021	11,396,362	(11,417,686)	21,324	-

Note 30. Capital management

KeyInvest Ltd is a public company, limited by shares and guarantee. No shares have been issued. The guarantee acts as both the means of membership of KeyInvest Ltd and the means of limiting the members' liability. Recent amendments to the Corporations Act 2001 allow mutual entities to issue Mutual Capital Instruments (MCIs). Following adoption of a new constitution on 23 June 2020 KeyInvest became an MCI Mutual which allows it to issue MCIs. At the date of this report, there are no MCIs on issue and the consolidated entity's capital base is comprised entirely of retained earnings.

Management effectively manages the consolidated entity’s capital within the APRA Prudential Standard - Capital Adequacy LPS 110 which became effective 1 January 2013. The Standard requires the Board to ensure that the consolidated entity maintains an adequate level and quality of capital commensurate with the scale, nature and complexity of its business and risk profile, such that it is able to meet its obligations under a wide range of circumstances.

Management controls the capital of the consolidated entity in order to ensure that the consolidated entity can fund its operations and continue as a going concern. There have been no significant changes in the strategy adopted by Management to control the capital of the consolidated entity since the prior year.

Measurement of Capital Base and Capital Adequacy as per APRA Prudential Standard - Capital Adequacy LPS 110

			2021 $			
Fund	**Net Assets**	**Member Balances and Unallocated Surpluses**	**Deductions from Capital Base**	**Capital Base All Tier 1 (a)**	**Prescribed Capital Requirement (b)**	**Capital Surplus**
Management Fund	27,442,354	-	(548,764)	26,893,590	10,830,422	16,063,168
Supersaver Bond Fund	19,758,156	(19,758,156)	-	-	-	-
Life Events Bond Funds	76,782,911	(76,782,911)	-	-	-	-
Pre-Arranged Funeral Fund	20,946,746	(20,946,746)	-	-	-	-
KeyInvest Funeral Bond	123,023,048	(123,023,048)	-	-	-	-
Income Security Fund	-	-	-	-	-	-
KeyInvest Funeral Fund Unitised	5,664,469	(5,664,469)	-	-	-	-

At 30 June 2021 the Management Fund Capital Adequacy Multiple (%) (a)/(b) is 248%.

			2020 $			
Fund	**Net Assets**	**Member Balances and Unallocated Surpluses**	**Deductions from Capital Base**	**Capital Base All Tier 1 (a)**	**Prescribed Capital Requirement (b)**	**Capital Surplus**
Management Fund	27,666,113	-	(1,201,564)	26,464,555	10,000,000	16,464,555
Supersaver Bond Fund	21,580,581	(21,580,581)	-	-	-	-
Life Events Bond Funds	53,838,261	(53,838,261)	-	-	-	-
Pre-Arranged Funeral Fund	23,314,354	(23,314,354)	-	-	-	-
KeyInvest Funeral Bond	123,620,639	(123,620,639)	-	-	-	-
Income Security Fund	1,793,870	(1,793,870)	-	-	-	-
KeyInvest Funeral Fund Unitised	1,457,171	(1,457,171)	-	-	-	-

At 30 June 2020 the Management Fund Capital Adequacy Multiple (%) (a)/(b) was 265%.

Note 31. Life investment contracts

Policyholder assets and liabilities 2021	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	Income Security Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Cash and cash equivalents	1,296,496	282,052	1,043,780	2,953,112	-	2,258	**5,577,698**
Financial assets	18,379,533	76,414,538	19,776,025	119,776,953	-	5,634,722	**239,981,771**
Loans and advances	-	-	-	-	-	-	**-**
Receivables	82,126	4,658	59,376	292,984	-	-	**439,144**
Current tax benefit	-	-	67,564	-	-	-	**67,564**
Deferred tax assets	-	81,665	-	-	-	27,490	**109,155**
Total assets	**19,758,155**	**76,782,913**	**20,946,745**	**123,023,049**	**-**	**5,664,470**	**246,175,332**
Payables	38,139	22,830	41,773	212,732	-	3,025	**318,499**
Current tax liability	28,558	1,748,470	-	133,772	-	120,513	**2,031,313**
Deferred tax liability	32,640	938,761	20,185	206,478	-	4,518	**1,202,582**
Policyholder liabilities	19,265,597	74,072,852	20,618,486	122,267,317	-	5,536,414	**241,760,666**
Unallocated policyholder benefits	393,221	-	266,301	202,750	-	-	**862,272**
Total liabilities	**19,758,155**	**76,782,913**	**20,946,745**	**123,023,049**	**-**	**5,664,470**	**246,175,332**
Net assets	-	-	-	-	-	-	-

Solvency requirements for the life investment contracts were met at all times during the financial year. As at 30 June 2021 the life investment contracts had investment assets in excess of policyholder liabilities of $951,585 (2020: $1,008,993).

Policyholder income and expenses 2021	Supersaver Bond Fund $	Live Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	Income Security Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Investment income	311,408	10,216,148	507,193	2,571,440	8,765	385,652	**14,000,606**
Investment expenses	(41,218)	-	75,505	(235,068)	-	-	**(200,781)**
Management fees	(359,404)	(187,022)	(384,879)	(1,968,304)	(21,563)	(18,715)	**(2,939,887)**
Allocated to policyholders	-	(7,114,896)	(154,298)	(255,665)	(11,546)	(257,208)	**(7,793,613)**
Profit (loss) before tax	(89,214)	2,914,230	43,521	112,403	(24,344)	109,729	**3,066,325**
Income tax benefit (expense)	(36,785)	(2,914,230)	55,965	(208,267)	-	(109,729)	**(3,213,046)**
Profit (loss) after tax	(125,999)	-	99,486	(95,864)	(24,344)	-	**(146,721)**
Transfer from (to) other funds	-	-	-	-	-	-	-
Unallocated policyholder benefits at beginning of the year	519,220	-	166,815	298,614	24,344	-	**1,008,993**
Unallocated policyholder benefits at end of the year	**393,221**	**-**	**266,301**	**202,750**	**-**	**-**	**862,272**
Movement of policyholder liabilities 2021							
Value of policyholder liabilities at beginning of the year	20,935,636	53,043,431	22,915,098	122,963,905	1,764,277	1,443,718	**223,066,065**
Deposits	167,261	20,204,796	1,420	4,997,610	720	3,931,747	**29,303,554**
Allocation to policyholders	-	7,114,896	154,298	255,665	11,546	257,208	**7,793,613**
Withdrawals	(1,837,300)	(6,290,271)	(2,452,330)	(5,949,863)	(1,776,543)	(96,259)	**(18,402,566)**
Transfer from (to) other funds	-	-	-	-	-	-	-
Value of policyholder liabilities at end of the year	**19,265,597**	**74,072,852**	**20,618,486**	**122,267,317**	**-**	**5,536,414**	**241,760,666**
Policyholder liabilities and unallocated benefits	**19,658,818**	**74,072,852**	**20,884,787**	**122,470,067**	**-**	**5,536,414**	**242,622,938**

Note 31. Life investment contracts (continued)

Policyholder assets and liabilities 2020	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	Income Security Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Cash and cash equivalents	1,161,730	752,181	1,391,727	1,599,636	153,238	23,754	**5,082,266**
Financial assets	20,321,464	52,593,053	21,688,095	121,708,029	1,635,000	1,421,230	**219,366,871**
Loans and advances	6,720	-	-	-	-	-	**6,720**
Receivables	90,667	654	121,155	312,974	4,764	-	**530,214**
Current tax benefit	-	-	113,377	-	868	-	**114,245**
Deferred tax assets	-	492,373	-	-	-	12,187	**504,560**
Total assets	21,580,581	53,838,261	23,314,354	123,620,639	1,793,870	1,457,171	**225,604,876**
Payables	40,930	15,049	223,855	125,309	5,249	847	**411,239**
Current tax liability	60,382	595,587	-	100,829	-	12,606	**769,404**
Deferred tax liability	24,413	184,194	8,586	131,982	-	-	**349,175**
Policyholder liabilities	20,935,636	53,043,431	22,915,098	122,963,905	1,764,277	1,443,718	**223,066,065**
Unallocated policyholder benefits	519,220	-	166,815	298,614	24,344	-	**1,008,993**
Total liabilities	21,580,581	53,838,261	23,314,354	123,620,639	1,793,870	1,457,171	**225,604,876**
Net assets	-	-	-	-	-	-	-

Solvency requirements for the life investment contracts were met at all times during the financial year. As at 30 June 2020 the life investment contracts had investment assets in excess of policyholder liabilities of $1,008,993 (2019: $2,006,011).

Policyholder income and expenses 2020	Supersaver Bond Fund $	Live Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	Income Security Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Investment income	382,663	(788,393)	401,090	2,134,188	29,521	4,330	**2,163,399**
Investment expenses	(44,367)	-	(83,255)	(236,913)	-	-	**(364,535)**
Management fees	(392,127)	(140,727)	(428,278)	(1,998,270)	(32,811)	(2,375)	**(2,994,588)**
Allocated to policyholders	-	562,716	(296,936)	(446,372)	-	(1,536)	**(182,128)**
Profit (loss) before tax	(53,831)	(366,404)	(407,379)	(547,367)	(3,290)	419	**(1,377,852)**
Income tax benefit (expense)	(43,909)	366,404	119,409	(62,119)	868	(419)	**380,834**
Profit (loss) after tax	(97,140)	-	(287,970)	(609,486)	(2,422)	-	**(997,018)**
Transfer from (to) other funds	-	-	-	-	-	-	-
Unallocated policyholder benefits at beginning of the year	616,360	-	454,785	908,100	26,766	-	**2,006,011**
Unallocated policyholder benefits at end of the year	**519,220**	**-**	**166,815**	**298,614**	**24,344**	**-**	**1,008,993**
Movement of policyholder liabilities 2020							
Value of policyholder liabilities at beginning of the year	23,028,188	37,271,049	25,387,273	122,596,951	1,909,058	-	**210,192,519**
Deposits	209,798	20,498,636	22,301	6,440,142	960	1,449,844	**28,621,681**
Allocation to policyholders	-	(562,716)	296,936	446,372	-	1,536	**182,128**
Withdrawals	(2,302,350)	(4,163,538)	(2,791,412)	(6,519,560)	(145,741)	(7,662)	**(15,930,263)**
Transfer from (to) other funds	-	-	-	-	-	-	-
Value of policyholder liabilities at end of the year	**20,935,636**	**53,043,431**	**22,915,098**	**122,963,905**	**1,764,277**	**1,443,718**	**223,066,065**
Policyholder liabilities and unallocated benefits	**21,454,856**	**53,043,431**	**23,081,913**	**123,262,519**	**1,788,621**	**1,443,718**	**224,075,058**

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the consolidated Financial Statements of KeyInvest Ltd and its controlled entities are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2021 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date; and

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

(b) there are reasonable grounds to believe that KeyInvest Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors.

Dr Roger N Sexton AM
Chairman

Date: 28 September 2021

Nexia Edwards Marshall

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEYINVEST LTD

Opinion

We have audited the financial report of KeyInvest Ltd ('the company'), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year and the annual financial report of the following Benefit Funds:

- Supersaver Bond Fund
- KeyInvest Funeral Bond
- Income Security Fund
- Life Events Bond
- Pre-Arranged Funeral Fund

In our opinion:

(a) the financial report of KeyInvest Ltd is in accordance with the *Corporations Act 2001;* including:
  (i) giving a true and fair view of KeyInvest Ltd's and the consolidated entity's financial positions as at 30 June 2021 and of their financial performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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

In our opinion:

(a) the financial report of the company and its Benefit Funds are in accordance with the *Life Insurance Act 1995*;
(b) the records of the company and Benefit Funds on which the financial report are based record properly the affairs and transactions of the company and its Benefit Funds;
(c) the financial report truly represents the financial position of the company and its Benefit Funds;
(d) the apportionments made under Division 2 of Part 6 of the *Life Insurance Act 1995* have been made equitably and in accordance with generally accepted accounting principles; and
(e) no part of the assets of the Benefit Funds have been applied directly or indirectly in contravention of the provisions of Division 1 of Part 4 and Division 4 of Part 2A of the *Life Insurance Act 1995*.

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information in the company's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KEYINVEST LTD (Cont)

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and the *Life Insurance Act 1995*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner
Adelaide
South Australia

28 September 2021

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