Annual Report 2022/23

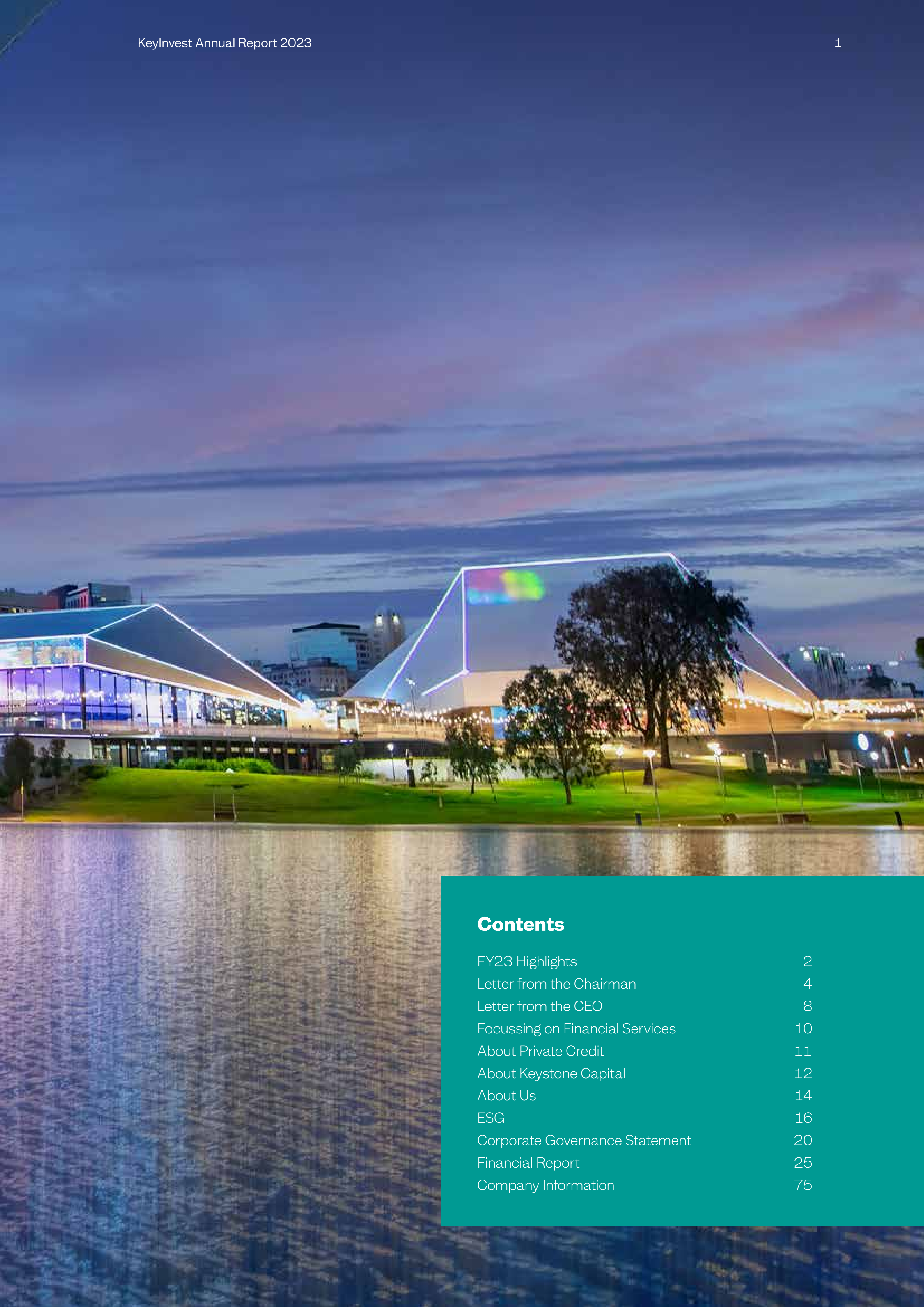
Supporting the unique financial needs of our customers.
Trusted since 1878.

keyinvest.com.au

Key Invest

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

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



Contents

FY23 Highlights

Five year strategy ratified:
Focus purely on specialist financial services.

Retirement villages:
Completely exited from retirement villages.

Australian Friendly Society merger:
Merger completed with an additional ~30,000 members and $160m of funds enjoying the KeyInvest experience.

Newly formed leadership team with CEO:
Senior appointments made to support the pursuit of strategic objectives.

New Purpose, Vision and Values:
Refreshed to ensure well positioned to support members and partners for years to come.

50% acquisition of Keystone Capital:
Providing private credit opportunities to members and partners.

Financial performance shows strong growth trend:
Anticipated growth over the next five years for the benefit of KeyInvest members.

Strong product ratings by Lonsec:
Highly Recommended Life Events Bond and Approved Funeral Bond.

Bonus interest declared:
Reactivated for capital guaranteed Benefit Funds members and partners.

Adviser Portal:
Launched financial adviser portal to modernise and improve user experience.

Letter from the Chairman

It is my pleasure to once again inform members of the developments and key outcomes of the 2022/23 financial year.

We have continued to deliver against our committed strategy despite the unique economic conditions and uncertainty outlined in recent financial years.

Whilst uncertainty will continue into 2024 and beyond, KeyInvest is well placed to continue to support the financial services needs of our members and partners.

Overcoming challenges

Despite uncertainty in the external environment resulting from various unexpected geopolitical and economic events (including Covid, the Ukraine conflict and US/China tensions), KeyInvest has continued to deliver against its committed strategy.

More regulatory changes are expected in FY24. There are changes proposed to superannuation and the recently announced review of managed investment schemes may include changing the definition of a wholesale sophisticated investor.

The Government recently released the 2023 Intergenerational Report, providing insights for Australia in time to come, and outlining the major barriers that will need to be overcome. Some highlights that stand out include:

- The economy in 40 years - the economy is projected to be 2.5 times larger with real incomes around 50% higher.
- The economy is projected to grow at a slower rate than other advanced economies, at an average of 2.2% per annum.
- The population - similar to the 2021 Intergenerational Report, is projected to be 40.5 million people by 2062-63.
- Age - the number of Australians aged 65 and over in the next 40 years will more than double and the number of Australians aged over 85 will more than triple.
- Participation in the workforce - the gender gap will continue to narrow and the overall participation rate will remain relatively high at ~63%.
- Changing industrial base - the ageing population will see trends toward a service based economy continue. Adoption of new technologies and ongoing digitalisation will continue as a trend. The transition to net zero emissions will see a change to demand for some exports, however as Australia is already the largest producer of lithium that is used in many technologies it will be well placed to provide supply in to a demand pool that may be eight times higher.

(source: Australian Government 2023 Intergenerational Report)

Many of these insights uphold the refreshed Purpose of KeyInvest “supporting the unique financial needs of our customers” and revitalised Vision “to be Australia’s leading specialty financial services provider” ensuring that we remain well placed to continue to support the needs of a growing and ageing Australian population.

Letter from the Chairman

Our Past

Property and the completion of the exit of retirement villages

Early within the financial year, KeyInvest completed the last sale and overall exit from retirement villages as reported in prior years with regard to strategic plans.

KeyInvest owns two commercial properties located in South Australia which continue to generate commercial levels of income. We plan to hold these properties in the near term.

Risk and Governance Framework

KeyInvest has enjoyed a strong governance framework over many years as noted throughout internal and external audits conducted and continues to operate within best practice Board and Management structures as required by the Australian Prudential Regulation Authority (APRA).

A planned and energised focus across Environmental, Social and Governance (ESG) has been set by Management within the new strategic plan which is outlined further in the Annual Report. The social nature in which KeyInvest places its past and present focus is aligned to the KeyInvest Foundation; a charitable cause that has been in operation since 2012. In FY23, KeyInvest placed a large focus from an environmental and climate perspective on beginning to assess the standards of major partners and suppliers. Within the Annual Report, further information can be found with regard to the ESG strategy along with the findings from our 30+ year association with Janus Henderson as the underlying investment manager of the capital guaranteed Benefit Funds.

Our Present

Change of leadership and strategic direction

Our new CEO, Craig Brooke, started in October 2022. Craig has more than 25 years' experience spanning many senior roles within the banking and finance industry. The Board approved a new five year strategic plan in March 2023 which covers the following areas of focus:

1. Increase bond and fund returns.
2. Improve the member experience through automated processes.
3. Provide new investment opportunities to members.
4. Modernise our technology for members and partners.
5. Launch new products to financial advisers and members.

Alongside the commercial strategy a new Purpose, Vision and Values were also launched across KeyInvest, maintaining our focus on being a strong participant within financial services and specialising in unique needs of current and prospective members.

Our revitalised Vision is 'to be Australia's leading specialty financial services provider' ensuring that we remain well placed to continue to support the needs of a growing and ageing Australian population.

Letter from the Chairman

Readying for growth for members

The merger of Australian Friendly Society Ltd (Australian Friendly Society) was completed in October 2022 which saw ~30,000 members join KeyInvest. Two former Directors of Australian Friendly Society joined the Board of KeyInvest as part of the merger arrangements.

In December 2022 KeyInvest executed a Heads of Agreement to acquire 50% of the shares and business of Keystone Capital Ltd (Keystone Capital). The acquisition was subsequently completed on 9 June 2023. This partnership paves the way for the creation of new investment opportunities for members and partners.

Keystone Capital is a mortgage fund that provides investment opportunities to members of the Fund through mortgages as a registered managed investment scheme. The Fund at the time of transaction completion was ~$250m and was generating an investment yield of ~7.75% in the Keystone Capital Diversified Income Fund and ~8.5% in the Keystone Capital Select Income Fund. Work is currently underway to provide KeyInvest members and partners with access to the investment opportunities within Keystone Capital. The access is targeted for the first half of FY24. Income generated from ownership of 50% of Keystone Capital will support the development of new investment product opportunities for members and partners which will also be announced later in FY24.

Financial performance

In Australia, KeyInvest continues to be known as a unique provider of some financial products that are capital guaranteed. At the completion of the financial year, KeyInvest maintained a strong capital position of $45m and operates well in excess of the minimum APRA regulatory requirements. This is critical in maintaining capacity to support our capital guaranteed Benefit Funds in the event of future stressed investment market conditions.

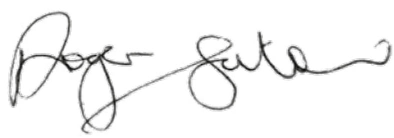
Our FY23 after tax consolidated result was $686,289, returning to profit after several years of planned consolidation of business activities. The FY22 after tax consolidated result was ($1,441,254).

Funds Under Management started the year at $244m and on 30 June 2023 the total Funds Under Management was $415m. The primary changes relate to the addition of ~$160m of balances by Australian Friendly Society members, with a much better performance of underlying investments across FY23. Plans regarding investment strategy are expected to help former Australian Friendly Society members enjoy greater returns in the coming years.

Bonus rates for the capital guaranteed Benefit Funds have been suppressed in prior years due to a period of record low bond yields followed by some of the fastest rise in bond yields in recorded history. This year KeyInvest has declared a solid set of returns for all capital guaranteed Funds and Management is implementing strategies to provide the opportunity for enhanced returns and bonuses in the coming years. Plans have been set by Management to ensure each of the underlying Funds of KeyInvest and Australian Friendly Society can be equitably merged this financial year.

In closing, I would like to provide my sincere thanks and heartfelt gratitude to the Directors, as well as to the team at KeyInvest. The new strategic direction set will continue to bring many opportunities over the next decade for our current and prospective members and partners and I look forward to celebrating these successes along the way.

Yours sincerely



Dr Roger N Sexton AM
Chairman

Letter from the CEO

As the new CEO for KeyInvest it is my pleasure to share, for the first time, my observations so far and the exciting future we are striving towards.

As a member owned mutual friendly society, our purpose has and will always be in support of our members. We have been supporting the unique financial needs of our members for a long time, having been trusted to do so since 1878.

As a testament to that longevity and enduring quality, one of my earliest observations was that KeyInvest's internal risk and governance framework, as well as its compliance standards, were as high as I have encountered in ASX listed banks during many years in the industry.

Additionally, I have been surprised and delighted by the unwavering dedication and care that our staff consistently demonstrate towards providing our members and partners with an outstanding service experience.

We intend to be Australia's leading specialty financial services provider, and vital to those aims is the importance of our partner relationships.

Financial advisers play a critical role in empowering everyday Australians to live their best life. It is by understanding what is most important to their clients and applying their professional judgement and expertise that they have such a profoundly positive impact. More Australians than ever need financial advice, yet there are fewer financial advisers providing advice when compared with previous years. At KeyInvest we recognise the importance of efficiency in the advice business, because the less time spent on administration, the more time can be spent with clients.

Funeral directors provide an invaluable service, offering tremendous care, support and a way to remember and celebrate the life of a loved one once they have passed away. Our recent merger with Australian Friendly Society allows us to reconnect with funeral directors and seek ways to enhance the value we provide to the industry.

We know we can and will do more, so we have set a course to implement a new strategy that is centred around always improving the experience, the returns that our members enjoy and finding new and unique investment opportunities that support respective financial goals.

To ensure we stay true to our role in supporting our members and distribution partners we have implemented a new set of Values, which will guide us in everyday decision making while pursuing our strategic objectives. These Values include:

- **Trust** - being transparent, reliable and always doing what we say we will do.
- **Results** - generating reliable, sustainable, results for our members which balance the needs of all stakeholders.
- **Innovation** - delivering best in class experiences, moving first where we choose to and embedding new technology that make us easy to do business with.
- **Care** - having a deep personal care for our members, partners and each other.

Letter from the CEO

Focussing on financial services

Following the final exit of KeyInvest's involvement with retirement villages to generate income in support of our member returns, the focus is and will remain within financial services. We remain focussed on growing and improving our heritage products, which include Funeral Bonds and Investment Bonds. Alongside this we have plans to bring new and exciting investment products and opportunities to the market this year.

Improving performance

KeyInvest's Life Events Bond has 41 underlying investment product options, and 23 of these generated returns in excess of 7.5% across the year to 30 June 2023. Whilst many of the underlying asset classes include Fixed Interest, Australian Equities and International Equities, we intend to add more property backed high yield Funds, with plans already afoot to include the Keystone Capital Diversified Income Fund.

For the year to June 2023 KeyInvest will declare a bonus across all capital guaranteed Benefit Funds. Due to the underlying nature of bond and fixed interest markets, KeyInvest's capital guaranteed Benefit Funds have not enjoyed a bonus being declared in the prior three years. Whilst no changes have been made to the approved target market determination, Management are refining the investment strategy to improve member returns.

Our Future

Best in class member and business partner experience

This year KeyInvest will make considerable enhancements to the member and partner experience from onboarding, product maintenance, to transacting. We will modernise our online channels with improved support resources, whilst making substantial improvements to our processes.

What will this mean for those dealing with KeyInvest? Along with great service that our members and partners are used to, the following initiatives are planned to be delivered:

- An immediate Bond investment account activated on a same day basis and the ability to switch underlying investments at the click of a button.
- The ability to use a portal designed for members and partners with key information at your fingertips. This comes with encouragement to help us continue to reduce our carbon footprint and reduce costs to all members with online communications.
- Access to information with regard to new investment opportunities and investment trends within the market including educational content that our team will continue to deliver.

Building investment opportunities

Alongside our Funeral Bond and Life Events Bond, KeyInvest will be delivering new investment opportunities that assist in funding non-bank lending across the country, helping to fill the housing void and support Australia's growing population into the future.

Initially this will include access to the investments available within Keystone Capital, offered in the tax structure afforded through the Life Events Bond.

KeyInvest intends to release a new Investment Bond this year, primarily backed by property as an underlying security. Whilst the details will be released formally at a later date, the Investment Bond may become a first of its type for investors. Initially, this new Investment Bond will be offered exclusively to existing members, or via accredited financial advisers of KeyInvest, whilst wholesale sophisticated investors will be able to access the Investment Bond via KeyInvest's distribution partner - Mantis Funds.

Further acquisition options

Throughout FY24 KeyInvest will continue to assess options to acquire businesses that can be integrated and provide options for the benefit of new and prospective members.

In June 2023 KeyInvest chose to complete its first Tier 1 Capital Raise in our 145 year history, following approval by APRA. This bolsters the capital reserves available to make further strategically aligned acquisitions, whilst maintaining a large surplus in excess of regulatory requirements. KeyInvest has long been known as a provider in Australia of many capital guaranteed products. The strength of our capital position allows for continued prudent management of member funds.

I would like to express my sincerest gratitude to the KeyInvest team for the dedication and passion they demonstrate everyday in support of our members and partners and the enthusiastic commitment shown in pursuit of our strategic priorities. I also wish to extend my sincere appreciation to our partners, including our new partners at Keystone Capital, and to the Board for their ongoing counsel as we have navigated change throughout this exciting period.

Yours sincerely

Craig Brooke
CEO

Focussing on Financial Services

Following the commitments we made over the last four years, KeyInvest is now on a path to creating more value for members.

We are at the beginning of an exciting chapter in our history, with a bright future ahead of us.

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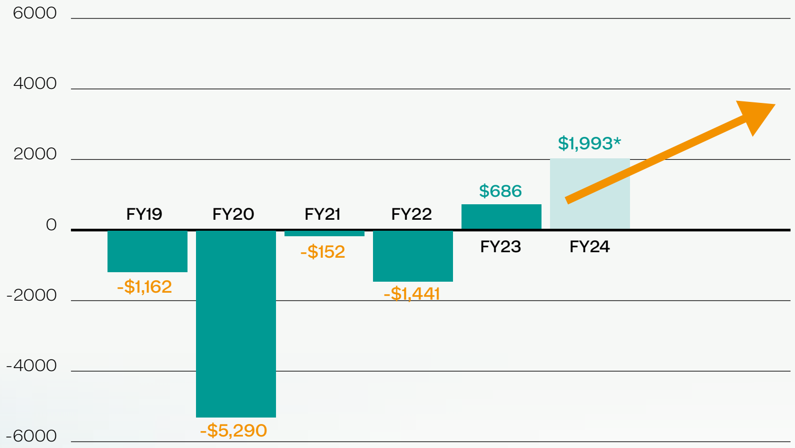

*Forecast return

About Private Credit

Private credit continues to be a proven asset class throughout the economic cycle. A hunger for yield and predictable, regular returns provide an attractive alternative form of property investment, without the associated transaction costs.

Investing in private credit can offer strong yields, broad industry exposure and transaction diversity, providing investors a trade-off between immediacy of returns and capital gain.

How the private credit industry works

Lenders directly negotiate unique situations with brokers and borrowers, providing greater influence over the scenarios and loan terms. Loan to Value Ratios (LVRs) are typically lower, with greater controls in place such as specialised and differentiated security arrangements that are customised to suit the specific needs and risk profile of the borrower and the lender.

Contributory mortgages are offered through subscription allowing immediate access to trending markets, with the lenders proven risk management capabilities offering capital protection.

Supporting the unique needs of the mortgage industry

Australian communities are experiencing issues with housing affordability and access, with strong demand from a growing population continuing to outstrip supply. Businesses in the sector require sufficient investment to support housing related developments and projects. Over many years non-bank financiers have been stepping in to provide investment opportunities that they directly use to finance mortgages outside the traditional banking sector and this trend is expected to continue and accelerate further as Australia tackles the problem of a major shortage of housing.

About Keystone Capital

Keystone Capital is a fund manager that specialises in the origination and management of loans secured by mortgages over real property assets across Australia.

100% principal returned to investors since inception

- Celebrating 10 years of operation in 2023.
- Successfully funded in excess of $862m of loans.
- Transacted 295 loans, with 79 currently active.
- Over $249m Funds Under Management:
  - <62% weighted average LVR
  - $3,157,210 average loan size
- Team has over 200 years of combined banking and financial industry expertise.
- External Credit Committee members; independent panel of valuers and legal team.

Keystone Capital is the holder of Australian Financial Services Licence #439327 and currently manages two registered managed investment schemes:

KC Select Income Fund:

(ARSN 615 690 732) - A contributory mortgage fund established in 2013.

*8.50% pa investor returns across mortgage transactions in the past 12 months.

KC Diversified Income Fund:

(ARSN 615 690 732) - A pooled mortgage fund established in 2017.

**7.85% pa rate of return paid to investors as at 31 July 2023, net of management fees and costs, calculated daily and paid monthly.

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****7.85% PA**

*** Rate of return paid to investors as at 31st July 2023, net of management fees and costs, calculated daily and paid monthly.*

For more information, or to register for Keystone Capital investment opportunities, visit:
keyinvest.com.au/keystone-capital

About us

Our Vision

To be Australia's leading specialty financial services provider.

Our Purpose

Supporting the unique financial needs of our customers.
Trusted since 1878.

Our Values

Our values are **Trust, Results, Innovation** and **Care.**

Trust

- We speak up because it's safe.
- We do what we say we are going to do.
- We are transparent in everything we do with all stakeholders.
- We are reliable in every step we take and move we make.

Results

- We always set goals and strive to achieve them.
- The results we focus on are sustainable.
- We balance the needs of all stakeholders in decisions.
- We celebrate success and have fun.

Innovation

- We generate the best in class partner experiences.
- We have the ability to be adaptable and move first.
- We use and embed technology to make things simple and easy.
- Continuous improvement always.

Care

- We have a personal touch.
- We have a deep care for our members, customers and each other.
- We always show respect.
- We listen, act and deliver.

Strategic Priorities:

1. Increase bond and fund returns.
2. Improve the member experience through automated processes.
3. Provide new investment opportunities to members.
4. Modernise our technology for members and partners.
5. Launch new products to financial advisers and members.

Environmental, Social and Governance

Environmental, Social and Governance

Environmental

KeyInvest recognises the need for members of the Australian corporate community to come together to accelerate action towards tackling climate change. KeyInvest is monitoring the development of a Co-operative and Mutual Climate Policy by the peak industry body, the Business Council of Co-operatives and Mutuals (BCCM).

KeyInvest's approach to developing its own Climate Policy over a three year period is to:

- assess and benchmark all core suppliers' climate impact and plans;
- complete internal steps to embed strong environment focus into decision framework; and
- set, track and report metrics to global standards.

Social

The KeyInvest Foundation was established in 2012 to recognise our background as an organisation that has been a member of the Australian grass roots community since 1878.

The KeyInvest Foundation has made charitable donations to Future2, Foodbank, Fishing for the Disabled, Habitat for Humanity, Vinnies CEO Sleepout, Morialta Trust and the Smith Family over the past decade.

The KeyInvest Foundation's purpose is to improve financial and general literacy in the community, advancing social and public welfare and to preserve and protect the environment.

The KeyInvest Foundation will partner with Keystone Capital to develop a charitable program that we anticipate will significantly increase the scope and impact of the KeyInvest Foundation's work over the next five years.

KeyInvest will introduce an employee giving program as part of its new Employee Value Proposition during FY24.

Governance

KeyInvest is regulated by APRA under the Life Insurance Act and by ASIC under the Corporations Act with regard to its financial services. KeyInvest's Board and Management are committed to best corporate governance. Over the coming year KeyInvest will develop an overarching ESG framework, with the aim to ensure its ESG and sustainability commitments are clear, actionable and measurable.

KeyInvest outsources the investment management of the fixed income and cash assets held in its capital guaranteed Benefit Funds to Janus Henderson Investors (Australia), a leading fixed income manager with over $20bn in Funds Under Management in Australia.

Janus Henderson's investment philosophy is that making investments based on "quality before price" results in the selection of stable and sustainable investments and that this can help shape corporate behaviour for the betterment of society. Janus Henderson employs an ESG investment screening process which removes any investments from issuers with products, services, processes or activities that may cause significant social and/or environmental harm eg tobacco, gambling and armaments.

KeyInvest and Keystone Capital Product Ratings

- Life Events Bond - Highly Recommended by Lonsec.
- KeyInvest Funeral Bond - Recommended by Lonsec.
- Keystone Capital - Recommended by Core Property Research.

Life Events Bonds.
The key to securing your future.

5 Highly Recommended Lonsec Research*

* Refer to disclaimer on inside back cover


Education


Retirement


Bereavement

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.

1 *Group means KeyInvest Ltd and its controlled entities.*

2 *Company means KeyInvest Ltd ABN 74 087 649 474.*

Corporate Governance Statement

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.

Board Size and Composition

In accordance with APRA's *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 eight independent Non Executive Directors.

Board Renewal and Succession Planning

The Board has established a Board Renewal Plan that sets out how the Board intends to progressively 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 Company's Constitution requires that one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire from office, at the end of each annual general meeting.

The Board has determined that Ms Donny Walford and Mr Marcus La Vincente will retire by rotation at the upcoming 2023 Annual General Meeting. Ms Walford and Mr La Vincente will offer themselves for re-election at that meeting. Further information on Ms Walford and Mr La Vincente 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.

Corporate Governance Statement

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.

Details of the number of meetings held by the Board and its Committees during the FY23 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 and Governance 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 and Governance Committee, other Board Committees, the CEO, Group Chief Risk Officer (Group CRO), senior Management 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 FY23 it maintained four 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 FY23 were:

Remuneration and Nomination 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 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.*

Corporate Governance Statement

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 and Governance 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 and Governance 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, corporate governance 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;
- oversight of the Group's governance framework;
- reviewing and recommending to the Board, amendments to the Company's Constitution including the Benefit Fund Rules;
- 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 and Governance 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 26 September 2023. The directors have the power to amend and reissue the financial statements.

Contents

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 2023.

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.

As disclosed in note 7 to the financial statements the consolidated entity divested Wimmera Lodge retirement village on 28 July 2022 to conclude the exit from retirement village management and development.

Objectives

The consolidated entity's objectives for FY23 were to:

- Complete the divestment of KeyInvest's retirement villages.
- Successfully complete the merger with Australian Friendly Society.
- Execute a strategy to grow KeyInvest's presence in the private credit industry, which was achieved via the acquisition of 50% of Keystone Capital, following successful completion of the first ever Additional Tier 1 Capital fund raising by a friendly society in Australia.
- Improve the performance of KeyInvest's capital guaranteed Benefit Funds and resume payment of bonuses for capital guaranteed bondholders.
- Maintain a strong capital and liquidity position to support our capital guaranteed bondholders.
- Maintain strong corporate governance structures and risk and compliance frameworks to ensure the consolidated entity's legal, legislative and regulatory obligations continue to be met.

The consolidated entity's long term objectives include:

- Growing and expanding our financial services product offering, particularly through the introduction of new ways for our members to access private credit in Australia.
- Building the wealth of our members by improving the financial performance of KeyInvest's Benefit Funds and KeyInvest's businesses.
- Growing the capital base of the company and building financial strength to protect member's interests.
- Increasing revenues through the expansion of the Keystone Capital private credit business and increased Benefit Fund inflows.
- Improve member experiences through the introduction of streamlined automated processes and by providing members and advisers with easy access to portfolio information.
- Create a work environment and culture that attracts and retains the best talent.

Directors' Report

Review of the Consolidated Entity's Operations and Results

An overview of the consolidated entity's operations is provided in the Letter from the Chairman.

Operating revenue of the consolidated entity for FY23 for continuing operations was $8,115,446 (FY22: $3,442,670).

The consolidated entity's total comprehensive income for the year was $686,289 (FY22: $(1,441,254)), improved by full management fees charged to the Benefit Funds following an improvement in returns.

The net assets of the consolidated entity as at 30 June 2023 increased to $47,094,096 (FY22: $26,050,315), increased for positive operating results, the merger with Australian Friendly Society and the capital raise undertaken.

Financial Services

Members' Funds Under Management increased for FY23 to $414,523,940 (FY22: $244,301,092). This was a result of improved performance and the merger with Australian Friendly Society Benefit Funds.

Bond markets returned to relative stability following the volatile market conditions in FY22 which saw bond yields rise at the steepest pace in recorded history as central banks sought to combat the effects of rampant inflation across the globe. There was stronger support for the capital guaranteed Funeral Funds in FY23 compared to FY22. Inflows to the three unitised funds were slightly reduced in comparison to FY22. KeyInvest's capital guaranteed funeral and life investment funds recorded strong returns, helping to partially restore the capital position of the capital guaranteed Benefit Funds and enabling the resumption of bonus payments. In the absence of further market volatility, it is anticipated that higher bond yield levels and an increased allocation to mortgage investments will result in higher income yields during FY24 for the capital guaranteed funds, enabling further restoration of capital and the continued payment of bonuses at potentially higher rates.

Property

In FY23, the consolidated entity divested the last remaining retirement village. The divestment reduced exposure to property and released capital, which improved liquidity and provides flexibility to grow KeyInvest's financial services business. The consolidated entity continues to manage two commercial properties providing office accommodation. In FY23, the consolidated entity generated rental income of $687,697.

Significant Changes in State of Affairs

As disclosed in note 7 the consolidated entity divested the final retirement village in its property portfolio on 28 July 2022.

The merger with Australian Friendly Society by way of voluntary transfer of business was completed on 31 October 2022 as disclosed in note 27.

KeyInvest raised Additional Tier 1 Capital in June 2023 and this is described in note 34 for Capital management. Following the successful capital raise, the purchase of 50% of Keystone Capital was finalised on 9 June 2023 as disclosed in note 15.

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 developmenfts 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' Report

Directors

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

Dr Roger Sexton AM

BEc (Hons), MEc, PhD (Econ), FAICD, SF Fin, CPMgr, CUniv

Chairman
(Independent Non Executive)

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

BA, Dip App Psych, Reg Psych MAPS, MCOP, FAICD, CMC

Deputy Chairman
(Independent Non Executive)

Appointed Director on 1 July 2005.

Mr Stillwell is a member of the Board Audit Committee, Board Risk and Governance Committee, 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

FAICD

Director
(Independent Non Executive)

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

BEc, FAICD, FGIA, FCIS, SF Fin, FCPA, ANZIF (Assoc), CTP, RFD

Director
(Independent Non Executive)

Appointed Director on 27 May 2010.

Mr Vogt is the Chairman of the Board Audit Committee and a member of the Board Risk and Governance Committee and the Finance and Investment Committee. Mr Vogt is also 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 and in leadership development.

Directors' Report

Marcus La Vincente AM

LLB, MBA, FAICD

Director
(Independent Non Executive)

Appointed Director on 15 November 2011.

Mr La Vincente is the Chairman of the Board Risk and Governance Committee and a member of the Board Audit Committee. He spent many years as a Partner with and Senior Legal Adviser to the international law firm Minter Ellison. He has extensive commercial and corporate law experience and has acted for many prominent companies and 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 Finance and Investment Committee. Ms Millard has extensive experience in the areas of financial management, mergers and acquisitions, business growth and turnarounds. Ms Millard has previously held CEO and Managing Director roles of both public and private companies and is currently a Director on several private and public company boards and organisations.

Mary-Anne Nunan

LLB, Dip Fin Mar, GAICD

Director
(Independent Non Executive)

Appointed Director on 31 October 2022.

Ms Nunan is a member of the Board Risk and Governance Committee. Ms Nunan has more than 25 years of experience in advisory services to senior investment personnel within Australian superannuation, government and institutional investment community. A former Investment Banker, Ms Nunan is now heavily involved in an advisory capacity for both Financial Institutions and Investment Committees.

Travis Pretty

CPA, MAICD

Director
(Independent Non Executive)

Appointed Director on 31 October 2022.

Mr Pretty is a member of the Board Audit Committee. Mr Pretty has more than 20 years' experience in the Banking and Financial Services sector, holding senior finance roles with ASX listed companies including IOOF Ltd and the Bendigo and Adelaide Bank Ltd. He has extensive experience in mergers and acquisitions, business integrations, strategy and new business development.

Directors' Report

The following persons were Directors of the following controlled entities of KeyInvest Ltd during FY23 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 (ceased 31 August 2022) Derek Emery (ceased 5 July 2023) Craig Brooke (appointed 5 July 2023)
KeyInvest Managed Investments Pty Ltd	Stephen Aspinall (ceased 3 March 2023) Derek Emery (ceased 5 July 2023) Craig Brooke (appointed 31 October 2022)
KeyInvest Funds Management Pty Ltd	Stephen Aspinall (ceased 3 March 2023) Craig Brooke (appointed 31 October 2022) Roger Sexton, Marcus La Vincente, Geoff Vogt and Dion Silvy
KeyInvest Foundation Pty Ltd	Stephen Aspinall (ceased 31 March 2022) Dion Silvy Roger Sexton Daryl Stillwell, Marcus La Vincente, Geoff Vogt, Donny Walford and Chantale Millard (appointed 31 March 2022) Craig Brooke (appointed 31 October 2022) Tom Waltham and Adrian Elston (appointed 7 June 2023)
KeyInvest Private Capital Pty Ltd	Roger Sexton, Daryl Stillwell, Donny Walford, Geoff Vogt, Marcus La Vincente, Chantale Millard, Mary-Anne Nunan, Travis Pretty and Craig Brooke (all appointed on 24 May 2023)

Chief Executive Officer

Craig Brooke, FFin, MAICD

Mr Brooke was appointed Chief Executive Officer on 3 October 2022. Mr Brooke has over 25 years' experience in banking and financial services, having held senior roles at ANZ and the Commonwealth Bank of Australia before most recently acting as Head of Enterprise Lending Strategy and Credit Transformation at Bendigo and Adelaide Bank. Mr Brooke holds a Certificate III in Financial Services.

Lester Wynne-Jones, DipDMS, ACIM, DSLC, CertRBCB

Mr Wynne-Jones was appointed Interim Chief Executive Officer on 1 April 2022 and ceased on 9 September 2022. Mr Wynne-Jones is a highly experienced banker who spent eight years working for Westpac, both as State General Manager for Western Australia, South Australia and the Northern Territory and as Head of Retail Banking for Victoria and Tasmania. Prior to Westpac, Mr Wynne-Jones held senior positions with HSBC and worked for HSBC across the globe in South East England, Channel Islands, Kazakhstan, Abu Dhabi, Dubai, Vancouver and London.

Directors' Report

Chief Investment Officer and Company Secretary

Dion Silvy, Chartered Secretary, FGIA, FCG, 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 entities. 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		Finance and Investment		Remuneration and Nomination		Board Audit		Board Risk and Governance	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R N Sexton	14	14	-	-	3	3	-	-	-	-
D L Stillwell	14	14	5	4	3	3	5	5	5	5
D Walford	14	13	5	4	3	2	-	-	-	-
G T Vogt	14	12	5	5	-	-	5	5	5	5
M D La Vincente	14	14	-	-	-	-	5	5	5	5
C M Millard	14	14	5	5	-	-	-	-	-	-
M-A Nunan[1]	14	7	-	-	-	-	-	-	5	3
T N Pretty[2]	14	9	-	-	-	-	5	3	-	-

[1] joined as a Director on 31 October 2022.
[2] joined as a Director on 31 October 2022.

Directors' Report

Indemnification of Officers or Auditors

During FY23 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 FY23 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 whilst 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 FY23.

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.

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 FY23.
- 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 FY23 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: 26 September 2023

Auditor's Independence Declaration

Nexia Edwards Marshall

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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 2023, 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
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

26 September 2023

Advisory. Tax. Audit.

KeyInvest Ltd
Statements of comprehensive income
For the year ended 30 June 2023

	Note	Consolidated Entity 2023 $	Consolidated Entity 2022 $	Parent Entity 2023 $	Parent Entity 2022 $
Revenue	3	4,420,694	1,975,734	4,284,533	1,927,624
Other income	4	2,379,786	1,239,920	1,872,407	1,176,921
Interest revenue		1,176,271	227,016	1,174,820	226,384
Share of profit in an associate	15	138,695	-	-	-
Total revenue		8,115,446	3,442,670	7,331,760	3,330,929
Expenses					
Expenses	5	(8,092,160)	(7,193,660)	(8,039,523)	(7,426,234)
Total expenses		(8,092,160)	(7,193,660)	(8,039,523)	(7,426,234)
Surplus/(deficit) before income tax benefit from continuing operations		23,286	(3,750,990)	(707,763)	(4,095,305)
Income tax benefit	6	706,540	1,538,446	891,179	1,181,269
Life investment contracts	35				
Revenue		19,083,673	7,934,794	19,083,673	7,934,794
Expenses		(10,865,596)	(16,181,359)	(10,865,596)	(16,181,359)
Income tax benefit/(expense)		(3,475,427)	3,648,822	(3,475,427)	3,648,822
Add back: (surplus)/deficit after income tax expense		(4,742,650)	4,597,743	(4,742,650)	4,597,743
Life investment contracts contribution to profit, net of tax		-	-	-	-
Surplus/(deficit) after income tax benefit from continuing operations		729,826	(2,212,544)	183,416	(2,914,036)
Surplus/(deficit) after income tax expense from discontinued operations	7	(43,537)	771,290	-	-
Surplus/(deficit) after income tax benefit for the year attributable to the members of KeyInvest Ltd		686,289	(1,441,254)	183,416	(2,914,036)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the members of KeyInvest Ltd		686,289	(1,441,254)	183,416	(2,914,036)

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

KeyInvest Ltd
Statements of financial position
As at 30 June 2023

		Consolidated Entity		Parent Entity	
		2023	2022	**2023**	2022
	Note	**$**	$	**$**	$
Assets					
Cash and cash equivalents	8	3,817,927	8,667,058	3,774,541	8,518,048
Financial assets at amortised cost	9	10,313,500	6,142,153	10,263,500	6,122,153
Other investments	10	-	-	35,008	35,008
Receivables	11	3,359,164	2,096,814	21,918,518	2,008,691
Assets held for sale	12	-	981,748	-	-
Investment property	13	9,214,611	9,044,000	9,214,611	9,044,000
Property, plant and equipment	14	975,865	1,052,420	975,865	1,052,337
Investment in an associate	15	20,893,293	-	-	-
Life investment contracts policyholder assets	16	414,523,940	244,301,092	414,523,940	244,301,092
Current tax assets		-	-	135,922	38,756
Deferred tax assets	17	840,460	404,721	840,460	404,721
Intangible assets	18	-	330,000	-	330,000
Total assets		463,938,760	273,020,006	461,682,365	271,854,806
Liabilities					
Payables	19	1,405,211	2,184,744	1,180,621	2,501,566
Provisions	20	458,528	386,658	458,528	386,658
Life investment contracts policyholder liabilities	21	414,523,940	244,301,092	414,523,940	244,301,092
Current tax liabilities		252,874	-	252,874	-
Deferred tax liabilities	22	204,111	97,197	197,176	137,172
Total liabilities		416,844,664	246,969,691	416,613,139	247,326,488
Net assets		47,094,096	26,050,315	45,069,226	24,528,318
Equity					
Capital note	23	10,543,015	-	10,543,015	-
Other equity reserves	24	9,814,477	-	9,814,477	-
Retained earnings		26,736,604	26,050,315	24,711,734	24,528,318
Total equity		47,094,096	26,050,315	45,069,226	24,528,318

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

KeyInvest Ltd
Statements of changes in equity
For the year ended 30 June 2023

Consolidated Entity			Retained earnings $	Total equity $
Balance at 1 July 2021			27,491,569	27,491,569
Deficit after income tax benefit for the year			(1,441,254)	(1,441,254)
Other comprehensive income for the year, net of tax			-	-
Total comprehensive income for the year			(1,441,254)	(1,441,254)
Balance at 30 June 2022			26,050,315	26,050,315

Consolidated Entity	Capital note $	Other equity reserves $	Retained earnings $	Total equity $
Balance at 1 July 2022	-	-	26,050,315	26,050,315
Surplus after income tax benefit for the year	-	-	686,289	686,289
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	686,289	686,289
Issue of capital notes	10,543,015	-	-	10,543,015
Net capital reserves established on merger	-	9,814,477	-	9,814,477
Balance at 30 June 2023	10,543,015	9,814,477	26,736,604	47,094,096

Parent Entity			Retained earnings $	Total equity $
Balance at 1 July 2021			27,442,354	27,442,354
Deficit after income tax benefit for the year			(2,914,036)	(2,914,036)
Other comprehensive income for the year, net of tax			-	-
Total comprehensive income for the year			(2,914,036)	(2,914,036)
Balance at 30 June 2022			24,528,318	24,528,318

Parent Entity	Capital note $	Other equity reserves $	Retained earnings $	Total equity $
Balance at 1 July 2022	-	-	24,528,318	24,528,318
Surplus after income tax benefit for the year	-	-	183,416	183,416
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	183,416	183,416
Issue of capital note	10,543,015	-	-	10,543,015
Net capital reserves established on merger	-	9,814,477	-	9,814,477
Balance at 30 June 2023	10,543,015	9,814,477	24,711,734	45,069,226

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

KeyInvest Ltd
Statements of cash flows
For the year ended 30 June 2023

		Consolidated Entity		Parent Entity	
	Note	**2023 $**	2022 $	**2023 $**	2022 $
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		1,949,814	1,515,417	964,481	1,220,656
Payments to suppliers and employees (inclusive of GST)		(9,816,981)	(6,772,598)	(9,285,491)	(6,599,745)
Interest and investment management fee receipts		5,529,651	2,189,299	5,392,039	2,140,557
Net GST recovered/(paid)		281,999	124,463	166,868	145,895
		(2,055,517)	(2,943,419)	(2,762,103)	(3,092,637)
Interest and other finance costs paid		(13,437)	(8,274)	(13,512)	(7,985)
Income taxes received from benefit funds		1,130,250	1,781,155	1,130,250	1,781,155
Income taxes received/(paid)		-	(51,964)	38,756	(235,253)
Net cash used in operating activities	33	(938,704)	(1,222,502)	(1,606,609)	(1,554,720)
Cash flows from investing activities					
Capital expenditure on retirement villages (discontinued operations)		-	(94,731)	-	-
Payments for property, plant and equipment	14	(264,382)	(371,163)	(264,382)	(371,163)
Capital expenditure on buildings	13	(170,611)	(263,996)	(170,611)	(263,996)
Receipts for financial assets		32,540,053	7,000,000	32,520,053	7,000,000
Payments for financial assets		(27,741,347)	(6,122,153)	(27,691,347)	(6,122,153)
Payments for shares in associate		(20,854,598)	-	-	-
Payments for shares in controlled entities		-	-	-	-
Net cash received from merger		1,104,756	-	1,104,756	-
Proceeds from disposal of investment property (discontinued operations)		-	4,562,234	-	-
Proceeds from sale of retirement village new units and buybacks (discontinued operations)		932,687	868,000	-	-
Net cash from/(used in) investing activities		(14,453,442)	5,578,191	5,498,469	242,688
Cash flows from financing activities					
Net proceeds from capital notes		10,543,015	-	10,543,015	-
Loans repaid from/(to) subsidiaries		-	-	(19,178,382)	5,699,057
Net cash from/(used in) financing activities		10,543,015	-	(8,635,367)	5,699,057
Net increase/(decrease) in cash and cash equivalents		(4,849,131)	4,355,689	(4,743,507)	4,387,025
Cash and cash equivalents at the beginning of the financial year		8,667,058	4,311,369	8,518,048	4,131,023
Cash and cash equivalents at the end of the financial year	8	3,817,927	8,667,058	3,774,541	8,518,048

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

KeyInvest Ltd
Notes to the financial statements
30 June 2023

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 2023 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 31 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.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Investment in associates

Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments is tested in accordance with impairment policy.

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.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

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.

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.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

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 2023.

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.

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.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

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.

Investment property

Investment property comprises freehold office buildings. The office buildings are held to generate long term rental yields and capital appreciation. All tenant leases 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.

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.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 3. Revenue

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Management fees	4,420,694	1,975,734	4,284,533	1,927,624
Revenue from continuing operations	4,420,694	1,975,734	4,284,533	1,927,624

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.

Note 4. Other income

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Surplus from revaluation of investment properties	-	121	-	121
Rental income	687,697	719,170	687,697	719,170
GST recovery	1,277,806	-	842,915	-
Other	414,283	520,629	341,795	457,630
Other income from continuing operations	2,379,786	1,239,920	1,872,407	1,176,921

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.

GST recovery

During the financial year, an assessment was made in relation to GST Division 129 adjustment calculations in respect of Woodside Lodge and Chiton Retirement Living temporarily leased out by the company and subsequently sold. This resulted in a refund from the Australian Taxation Office.

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.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 5. Expenses

	Consolidated Entity		Parent Entity	
	2023 **$**	2022 $	**2023** **$**	2022 $
Audit fees	127,574	123,346	127,574	121,996
Actuarial fees	160,124	86,635	160,124	86,635
Depreciation and amortisation	668,504	319,696	668,504	319,696
Regulatory supervision fees	128,324	113,505	126,556	112,170
Salaries, wages and on costs	2,908,561	2,845,385	2,908,561	2,845,385
Employee benefits	178,620	192,574	178,620	192,574
Superannuation contributions	303,016	264,565	303,016	264,565
Commissions	-	24,000	-	24,000
Impairment and revaluations	-	117	-	348,079
Rates and taxes	186,831	192,437	180,526	192,437
Marketing	22,848	45,974	22,848	41,209
Borrowing costs/bank charges	13,437	8,245	13,512	7,985
Information technology	795,459	683,500	795,459	683,500
Insurance	188,627	134,117	185,485	134,117
Maintenance	121,006	115,481	121,006	115,481
Professional services	628,086	674,034	590,620	566,418
Loss on disposal of assets	2,350	-	2,350	-
Other operating expenses	1,658,793	1,370,048	1,654,762	1,369,987
Expenses from continuing operations	8,092,160	7,193,660	8,039,523	7,426,234

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 6. Income tax benefit

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Income tax benefit				
Current tax	(815,260)	(1,534,686)	(951,182)	(1,573,442)
Adjustment recognised for prior periods	-	107,704	-	108,397
Deferred tax	106,914	(111,464)	60,003	283,776
Aggregate income tax benefit	(708,346)	(1,538,446)	(891,179)	(1,181,269)
Numerical reconciliation of income tax benefit and tax at the statutory rate				
Deficit before income tax benefit	(22,057)	(2,979,700)	(707,763)	(4,095,305)
Tax at the statutory tax rate of 30%	(6,617)	(893,910)	(212,329)	(1,228,592)
Tax effect amounts which are not deductible/ (taxable) in calculating taxable income:				
Non-assessable income	(88,674)	(74,498)	(54,000)	(74,498)
Impairment adjustments	-	-	-	104,380
Net adjustments arising from retirement villages (discontinued operations)	-	(42,458)	-	-
Net adjustments arising from life investment contracts	(659,402)	(139,564)	(659,394)	(139,564)
Non-deductible expenditure	34,544	48,644	34,544	48,608
Capital loss movement (discontinued operations)	11,803	(544,364)	-	-
	(708,346)	(1,646,150)	(891,179)	(1,289,666)
Adjustment recognised for prior periods	-	107,704	-	108,397
Income tax benefit	(708,346)	(1,538,446)	(891,179)	(1,181,269)

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 7. Discontinued operations

Description

In June 2022 the consolidated entity received and accepted a sale and purchase agreement for Wimmera Lodge village. The sale was completed on 28 July 2022.

The sale of Chiton Retirement Living and the adjacent undeveloped land was completed in the second half of the prior financial year.

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Discontinued revenue	12,360	392,879	-	-
Gain/(loss) on sale of assets	(79)	1,298,387	-	-
Discontinued expense	(57,624)	(335,772)	-	-
Impairment of held for sale assets	-	(584,204)	-	-
Total expenses	(57,624)	(919,976)	-	-
Income tax benefit	1,806	-	-	-
Surplus/(deficit) after income tax expense from discontinued operations	(43,537)	771,290	-	-

Carrying amounts of assets and liabilities disposed				
Investment property	-	1,115,000	-	-
Total assets	-	1,115,000	-	-
Retirement village maintenance fund liabilities	-	133,252	-	-
Total liabilities	-	133,252	-	-
Net assets	-	981,748	-	-

Accounting policy for discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Statement of comprehensive income.

KeyInvest Ltd
Notes to the financial statements
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Note 8. Cash and cash equivalents

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Cash at bank and in hand	280,683	219,914	237,298	70,904
Short term money market	3,537,244	8,447,144	3,537,243	8,447,144
	3,817,927	8,667,058	3,774,541	8,518,048

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 9. Financial assets at amortised cost

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Term deposits	1,550,000	20,000	1,500,000	-
Loans - secured	8,763,500	6,122,153	8,763,500	6,122,153
	10,313,500	6,142,153	10,263,500	6,122,153

Refer to note 26 for further information on fair value measurement.

Note 10. Other investments

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Shares in controlled entities	-	-	35,008	35,008

Note 11. Receivables

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Prepayments	467,276	207,007	467,276	189,727
Loans to controlled entities - unsecured	-	-	18,560,899	-
Accrued income	842,915	-	842,915	-
Receivable from life funds	1,626,288	1,377,404	1,626,662	1,377,404
Interest and distributions receivable	80,765	13,451	80,765	13,451
Other	341,920	498,952	340,001	428,109
	3,359,164	2,096,814	21,918,518	2,008,691

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 12. Assets held for sale

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Investment property	-	1,115,000	-	-
Retirement village maintenance fund liabilities	-	(133,252)	-	-
	-	981,748	-	-
Amount expected to be recovered within 12 months	-	981,748	-	-

Refer to note 26 for further information on fair value measurement.

Note 13. Investment property

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Land and buildings - opening balance	9,044,000	8,780,000	9,044,000	8,780,000
Acquisitions, additions and disposals	170,611	263,996	170,611	263,996
Fair value adjustments	-	4	-	4
	9,214,611	9,044,000	9,214,611	9,044,000
Retirement villages - opening balance	-	3,330,000	-	-
Additions and reductions	-	156,282	-	-
Disposals	-	(1,160,000)	-	-
Revaluation of consolidated entity's interests	-	(96,607)	-	-
Revaluation of residents' interests	-	(941,500)	-	-
Fair value adjustments	-	(263,175)	-	-
Transfer to assets held for sale	-	(1,025,000)	-	-
	-	-	-	-
Retirement villages - undeveloped land - opening balance	-	2,190,000	-	-
Disposals	-	(2,100,000)	-	-
Transfer to assets held for sale	-	(90,000)	-	-
	-	-	-	-
Retirement villages - work in progress - opening balance	-	226,300	-	-
Acquisitions, additions and disposals	-	94,731	-	-
Fair value adjustments	-	(321,031)	-	-
	-	-	-	-
	9,214,611	9,044,000	9,214,611	9,044,000

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 13. Investment property (continued)

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Reconciliation				
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:				
Opening fair value	9,044,000	14,526,298	9,044,000	8,780,000
Additions	170,611	515,009	170,611	263,996
Disposals	-	(3,260,000)	-	-
Revaluation (decrements)/increments	-	(1,622,307)	-	4
Transfer to asset held for sale	-	(1,115,000)	-	-
Closing fair value	9,214,611	9,044,000	9,214,611	9,044,000
Retirement villages				
Investment in the retirement villages as at 30 June was:				
Development and acquisition costs	-	10,107,667	-	-
Revaluation of consolidated entity's interests	-	234,333	-	-
Revaluation of residents' interests	-	(1,128,000)	-	-
Residents' loans and licences	-	(8,189,000)	-	-
Transfer to asset held for sale	-	(1,025,000)	-	-
Total units of account at fair value	-	-	-	-
Total at cost (after testing for impairment)				
Undeveloped land	-	90,000	-	-
Transfer to asset held for sale	-	(90,000)	-	-
Total net investment	-	-	-	-

Valuations of investment properties

No independent valuations were conducted for 2023. 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.

Refer to note 26 for further information on fair value measurement.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 14. Property, plant and equipment

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Furniture, equipment and software - at cost	2,532,255	2,518,454	2,532,255	2,490,265
Less: Accumulated depreciation	(1,556,390)	(1,466,641)	(1,556,390)	(1,438,535)
	975,865	1,051,813	975,865	1,051,730
Motor vehicles - at cost	-	44,126	-	44,126
Less: Accumulated depreciation	-	(43,519)	-	(43,519)
	-	607	-	607
	975,865	1,052,420	975,865	1,052,337

Consolidated Entity	**Furniture, equipment and software $**	**Motor vehicles $**	**Work in progress $**	**Total $**
Balance at 1 July 2021	583,361	11,095	407,081	1,001,537
Additions	371,163	-	-	371,163
Disposals, transfers and other	406,693	-	(407,081)	(388)
Depreciation expense	(309,404)	(10,488)	-	(319,892)
Balance at 30 June 2022	1,051,813	607	-	1,052,420
Additions	264,382	-	-	264,382
Disposals, transfers and other	(2,431)	-	-	(2,431)
Depreciation expense	(337,899)	(607)	-	(338,506)
Balance at 30 June 2023	975,865	-	-	975,865

Parent Entity	**Furniture, equipment and software $**	**Motor vehicles $**	**Work in progress $**	**Total $**
Balance at 1 July 2021	582,694	11,095	407,081	1,000,870
Additions	371,163	-	-	371,163
Disposals, transfers and other	407,081	-	(407,081)	-
Depreciation expense	(309,208)	(10,488)	-	(319,696)
Balance at 30 June 2022	1,051,730	607	-	1,052,337
Additions	264,382	-	-	264,382
Disposals, transfers and other	(2,350)	-	-	(2,350)
Depreciation expense	(337,897)	(607)	-	(338,504)
Balance at 30 June 2023	975,865	-	-	975,865

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 14. Property, plant and equipment (continued)

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:

Furniture, equipment and software	1% to 40%
Motor Vehicles	20% to 40%

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.

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Note 15. Investment in an associate

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Current assets	2,525,772	-	-	-
Non-current assets	209,086	-	-	-
Current liabilities	(1,079,833)	-	-	-
Non-current liabilities	(176,855)	-	-	-
Equity	1,478,170	-	-	-
Group's share in equity - 50%	739,085	-	-	-
Goodwill	20,000,000	-	-	-
Acquisition related costs	154,208	-	-	-
Group's carrying amount of the investment	20,893,293	-	-	-
Reconciliation to carrying amounts:				
Opening net assets 9 June 2023	1,400,781	-	-	-
Profit for the period	277,389	-	-	-
Dividends paid	(200,000)	-	-	-
Closing net assets	1,478,170	-	-	-

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Total income	484,817	-	-	-
Operating expenses	(113,523)	-	-	-
Profit before tax	371,294	-	-	-
Income tax expense	(93,905)	-	-	-
Profit for the year	277,389	-	-	-
Total comprehensive income for the year	277,389	-	-	-
Group's share of profit for the year	138,695	-	-	-
Dividends received from associate entity	100,000	-	-	-

On 9 June 2023, the group acquired 50% interest in Keystone Capital Ltd, which is a fund manager that specialises in the origination and management of investment opportunities secured by mortgages over real property assets across Australia. The group's interest in Keystone Capital Ltd is accounted for using the equity method in the consolidated financial statements. The table above illustrates the summarised financial information of the group's investment in Keystone Capital Ltd.

KeyInvest Ltd
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Note 16. Life investment contracts policyholder assets

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Supersaver Bond Fund	15,716,996	16,784,686	15,716,996	16,784,686
Life Events Bond Funds	92,938,306	81,531,020	92,938,306	81,531,020
Pre-Arranged Funeral Fund	15,755,144	18,025,075	15,755,144	18,025,075
KeyInvest Funeral Bond	275,757,540	117,917,429	275,757,540	117,917,429
KeyInvest Funeral Bond Unitised	14,355,954	10,042,882	14,355,954	10,042,882
	414,523,940	244,301,092	414,523,940	244,301,092

Refer to note 26 for further information on fair value measurement.

Actuarial report

The effective date of the actuarial report on the policy liabilities and capital adequacy is 30 June 2023. The actuarial report for KeyInvest Ltd was prepared by Bruce Watson, FIAA, and was dated 26 September 2023. The appointed actuary is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

Refer to note 35 for further information on life investment contracts.

Note 17. Deferred tax assets

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Deferred tax asset	840,460	404,721	840,460	404,721

Movements:				
Opening balance	404,721	218,764	404,721	218,764
Valuation adjustments	294,259	(210,405)	294,259	(210,405)
Employee benefit and payables movement	(35,595)	(552,438)	(35,595)	(8,074)
Tax losses utilised	(18,776)	404,436	(18,776)	404,436
Capitalised expenses	195,851	-	195,851	-
Capital loss movement (discontinued operations)	-	544,364	-	-
Closing balance	840,640	404,721	840,640	404,721

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Note 18. Intangible assets

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Intellectual property - at cost	440,000	440,000	440,000	440,000
Less: Impairment of assets	(440,000)	(110,000)	(440,000)	(110,000)
	-	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 2021	330,000	330,000
Impairment of assets	-	-
Balance at 30 June 2022	330,000	330,000
Impairment of assets	(330,000)	(330,000)
Balance at 30 June 2023	-	-

Parent Entity	**Intellectual Property $**	**Total $**
Balance at 1 July 2021	330,000	330,000
Impairment of assets	-	-
Balance at 30 June 2022	330,000	330,000
Impairment of assets	(330,000)	(330,000)
Balance at 30 June 2023	-	-

Note 19. Payables

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Trade creditors	639,587	487,365	415,087	446,572
Sundry creditors	197,583	314,773	197,493	78,430
Accrued expenses	568,041	1,382,606	568,041	1,359,081
Loans from controlled entities - unsecured	-	-	-	617,483
	1,405,211	2,184,744	1,180,621	2,501,566

Refer to note 25 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.

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Note 20. Provisions

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Annual leave	167,417	147,328	167,417	147,328
Long service leave	246,969	215,312	246,969	215,312
Superannuation	44,142	24,018	44,142	24,018
	458,528	386,658	458,528	386,658

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.

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.

KeyInvest Ltd
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Note 21. Life investment contracts policyholder liabilities

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Supersaver Bond Fund	15,716,996	16,784,686	15,716,996	16,784,686
Life Events Bond Funds	92,938,306	81,531,020	92,938,306	81,531,020
Pre-Arranged Funeral Fund	15,755,144	18,025,075	15,755,144	18,025,075
KeyInvest Funeral Fund	275,757,540	117,917,429	275,757,540	117,917,429
KeyInvest Funeral Fund Unitised	14,355,954	10,042,882	14,355,954	10,042,882
	414,523,940	244,301,092	414,523,940	244,301,092

Refer to note 35 for further information on life investment contracts.

Note 22. Deferred tax liabilities

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Deferred tax liability	204,111	97,197	197,176	137,172
Movements:				
Opening balance	97,197	355,263	137,172	-
Valuation adjustments	106,914	(258,066)	60,004	137,172
Closing balance	204,111	97,197	197,176	137,172

Note 23. Capital note

On 9 June 2023, the company issued 11,000 Tier 1 Capital Notes at an issue price equal to their face value of $1,000 each, pursuant to the information memorandum dated 1 June 2023, raising $11,000,000 in total. In accordance with the requirements of AASB 132 Financial Instruments: Presentation, Capital Notes are presented on the balance sheet at their carrying amount after deducting directly attributable transaction issuance costs, net of any income tax benefit. The principal purpose of the Capital Notes issuance is to fund the acquisition of a 50% interest in Keystone Capital Ltd plus costs.

The Capital Notes are perpetual, subject to the issuer's right to redeem the Capital Notes on and from the fifth anniversary of the issue date (subject to APRA approval) or on the occurrence of a Tax Event or Regulatory Event at any time following the issue date. The holders of the Capital Notes are expected to receive a floating rate (3 Month BBSW + Margin) distribution payments to be paid quarterly in arrears. The distributions are discretionary and non-cumulative. Distributions are to be fully franked.

Note 24. Other equity reserves

The other equity reserves represent the retained earnings of Australian Friendly Society Ltd recognised upon the merger with KeyInvest Ltd.

KeyInvest Ltd
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Note 25. 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 2023.

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: Themain 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	
	2023 $	2022 $	**2023 $**	2022 $
Receivables				
A1+ rated counterparties	22,035	13,451	22,035	13,451
Counterparties not rated	1,710,841	705,959	1,708,922	617,836
Internal receivable from life funds	1,626,288	1,377,404	1,626,662	1,377,404
Total	3,359,164	2,096,814	3,357,619	2,008,691

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Note 25. 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 - 2023

Financial Instruments	Fixed interest rate 1 year or less $	Fixed interest rate more than 1 year $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash assets	-	-	280,683	-	280,683
Short term money market	-	-	3,537,244	-	3,537,244
Term deposits	1,550,000	-	-	-	1,550,000
Loans - secured	8,763,500	-	-	-	8,763,500
Receivables	-	-	-	3,359,164	3,359,164
Total financial assets	10,313,500	-	3,817,927	3,359,164	17,490,591
Financial liabilities					
Payables	-	-	-	1,405,211	1,405,211
Total financial liabilities	-	-	-	1,405,211	1,405,211

Parent Entity - 2023

Financial Instruments	Fixed interest rate 1 year or less $	Fixed interest rate more than 1 year $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash assets	-	-	237,298	-	237,298
Short term money market	-	-	3,537,243	-	3,537,243
Term deposits	1,500,000	-	-	-	1,500,000
Loans - secured	8,763,500	-	-	-	8,763,500
Shares in controlled entities	-	-	-	35,008	35,008
Loans to/(from) controlled entities	-	-	-	18,560,899	18,560,899
Receivables	-	-	-	3,357,619	3,357,619
Total financial assets	10,263,500	-	3,774,541	21,953,526	35,991,567
Financial liabilities					
Payables	-	-	-	1,180,621	1,180,621
Total financial liabilities	-	-	-	1,180,621	1,180,621

KeyInvest Ltd
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Note 25. Financial risk management (continued)

Consolidated Entity - 2022

Financial Instruments	Fixed interest rate 1 year or less $	Fixed interest rate more than 1 year $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash assets	-	-	219,914	-	219,914
Short term money market	-	-	8,447,144	-	8,447,144
Term deposits	20,000	-	-	-	20,000
Loans - secured	4,472,153	1,650,000	-	-	6,122,153
Receivables	-	-	-	2,096,814	2,096,814
Total financial assets	4,492,153	1,650,000	8,667,058	2,096,814	16,906,025
Financial liabilities					
Payables	-	-	-	2,184,744	2,184,744
Total financial liabilities	-	-	-	2,184,744	2,184,744

Parent Entity - 2022

Financial Instruments	Fixed interest rate 1 year or less $	Fixed interest rate more than 1 year $	Variable interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash assets	-	-	70,904	-	70,904
Short term money market	-	-	8,447,144	-	8,447,144
Loans - secured	4,472,153	1,650,000	-	-	6,122,153
Shares in controlled entities	-	-	-	35,008	35,008
Loans to/(from) controlled entities	-	-	-	-	-
Receivables	-	-	-	2,008,691	2,008,691
Total financial assets	4,472,153	1,650,000	8,518,048	2,043,699	16,683,900
Financial liabilities					
Payables	-	-	-	2,501,566	2,501,566
Total financial liabilities	-	-	-	2,501,566	2,501,566

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Note 25. 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 2023: nil (2022: nil).

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

	2023		2022	
Consolidated Entity	**Carrying amount $**	**Net fair value $**	**Carrying amount $**	**Net fair value $**
Financial assets				
Financial assets at amortised cost	10,313,500	10,313,500	6,142,153	6,142,153
Receivables	3,359,164	3,359,164	2,096,814	2,096,814
Total financial assets	13,672,664	13,672,664	8,238,967	8,238,967
Financial liabilities				
Payables	1,405,211	1,405,211	2,184,744	2,184,744
Total financial liabilities	1,405,211	1,405,211	2,184,744	2,184,744

	2023		2022	
Parent Entity	**Carrying amount $**	**Net fair value $**	**Carrying amount $**	**Net fair value $**
Financial assets				
Financial assets at amortised cost	10,263,500	10,263,500	6,122,153	6,122,153
Receivables	3,357,619	3,357,619	2,008,691	2,008,691
Total financial assets	13,621,119	13,621,119	8,130,844	8,130,844
Financial liabilities				
Payables	1,180,621	1,180,621	2,501,566	2,501,566
Total financial liabilities	1,180,621	1,180,621	2,501,566	2,501,566

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Note 25. 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 2023 $	Consolidated Entity 2022 $	Parent Entity 2023 $	Parent Entity 2022 $
Financial assets	**%**	**Sensitivity of profit and equity (before tax)**			
Cash at bank and in hand	+2	5,614	4,398	4,746	1,418
Short term money market	+2	70,745	168,943	70,745	168,943
Financial assets at amortised cost	+2	206,270	122,843	205,270	122,843
Cash at bank and in hand	-2	(5,614)	(4,398)	(4,746)	(1,418)
Short term money market	-2	(70,745)	(168,943)	(70,745)	(168,943)
Financial assets at amortised cost	-2	(206,270)	(122,843)	(205,270)	(122,843)

Note 26. 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.

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Note 26. 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 - 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	1,550,000	-	-	1,550,000
Loans - secured	-	8,763,500	-	8,763,500
Investment property	-	9,214,611	-	9,214,611
Total assets	1,550,000	17,978,111	-	19,528,111

Consolidated Entity - 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	20,000	-	-	20,000
Loans - secured	-	6,122,153	-	6,122,153
Asset held for sale	-	981,748	-	981,748
Investment property	-	9,044,000	-	9,044,000
Total assets	20,000	16,147,901	-	16,167,901

Parent Entity - 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Term deposits	1,500,000	-	-	1,500,000
Loans - secured	-	8,763,500	-	8,763,500
Shares in controlled entities	-	35,008	-	35,008
Investment property	-	9,214,611	-	9,214,611
Total assets	1,500,000	18,013,119	-	19,513,119

Parent Entity - 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Loans - secured	-	6,122,153	-	6,122,153
Shares in controlled entities	-	35,008	-	35,008
Investment property	-	9,044,000	-	9,044,000
Total assets	-	15,201,161	-	15,201,161

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.

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Note 26. Fair value measurement (continued)

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.

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.

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Note 27. Business combination

a) Summary of acquisition

On 31 October 2022, the Australian Prudential Regulation Authority (APRA) approved the voluntary transfer of business from Australian Friendly Society Ltd to KeyInvest Ltd. The legal effect of the transfer of business is that the company has become the successor in law of all of the assets and liabilities of Australian Friendly Society Ltd from 31 October 2022.

The assets and liabilities recognised as a result of the merger are as follows:

	$
Cash	1,104,756
Prepayments and other receivables	20,809
Investments	8,933,075
Deferred tax assets	389,133
Trade payables	(553,315)
Other payables	(79,981)
Net identifiable assets acquired	9,814,477

Merger related costs

Merger related costs of $158,264 are included in the expenses in the Statement of comprehensive income and in the operating cash flows in the Statement of cash flows.

Note 28. Key management personnel compensation

Other key management personnel

The key management personnel of the consolidated entity consisted of the following 12 (2022: 10) positions: Chief Executive Officer, Chief Financial Officer, Company Secretary / Chief Investment Officer, Chief Operating Officer, and Non Executive Directors (8).

Compensation

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

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
Short term employee benefits	1,837,266	1,732,172	1,837,266	1,732,172
Long term benefits	164,468	137,548	164,468	137,548
	2,001,734	1,869,720	2,001,734	1,869,720

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 29. Capital and lease commitments

	Consolidated Entity		Parent Entity	
	2023 $	2022 $	**2023 $**	2022 $
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 30. 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 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

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	
	2023 $	2022 $	**2023 $**	2022 $
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.	29,167	31,537	29,167	31,537
Ms D Walford is a Director of a professional development company that received fees for professional development services provided to the consolidated entity.	10,329	7,611	10,329	7,611
Dr R N Sexton has a close family member that received fees for venue hire services provided to the consolidated entity.	1,422	-	1,422	-

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

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 31. 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 2023 %	Ownership interest 2022 %
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%	100.00%
KeyInvest Funds Management Pty Ltd	Australia	100.00%	100.00%
KeyInvest Private Capital Pty Ltd	Australia	100.00%	-

Percentage of voting power is in proportion to ownership.

Note 32. Events after the reporting period

There are no other events subsequent to 30 June 2023 that need to be disclosed in the financial statements.

Note 33. Reconciliation of surplus/(deficit) after income tax to net cash used in operating activities

	Consolidated Entity 2023 $	Consolidated Entity 2022 $	Parent Entity 2023 $	Parent Entity 2022 $
Surplus/(deficit) after income tax benefit for the year	686,289	(1,441,254)	183,416	(2,914,036)
Adjustments for:				
Depreciation and amortisation	668,506	319,892	668,504	319,696
(Revaluation)/impairment of assets	-	(704,209)	-	347,956
GST recovery	(842,915)	-	(842,915)	-
Net loss on disposal of property, plant and equipment	2,431	388	2,350	-
Share of profit in an associate	(38,695)	-	-	-
Discontinued operations expenses	49,061	-	-	-
Transfer of business	(260,332)	-	(260,332)	-
Change in operating assets and liabilities:				
(Increase)/decrease in receivables	(419,435)	438,528	(506,013)	494,512
(Increase)/decrease in current tax assets	-	-	(97,166)	-
(Increase)/decrease in deferred tax assets	(435,739)	(185,957)	(435,739)	(185,957)
Increase/(decrease) in payables	(779,533)	890,336	(703,462)	749,448
Increase/(decrease) in provision for income tax	252,874	(159,975)	252,874	(381,326)
Increase/(decrease) in deferred tax liabilities	106,914	(258,066)	60,004	137,172
Increase/(decrease) in provisions	71,870	(122,185)	71,870	(122,185)
Net cash used in operating activities	(938,704)	(1,222,502)	(1,606,609)	(1,554,720)

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 34. 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 Ltd 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 of retained earnings and Tier 1 Capital Notes.

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

	2023					
Fund	Net Assets $	Member Balances & Unallocated Surpluses $	Adjustments to Capital Base $	Capital Base All Tier 1 (a) $	Prescribed Capital Requirement (b) $	Capital Surplus $
Management Fund	45,069,226	-	(1,625,172)	43,444,054	20,875,081	22,568,973
Supersaver Bond Fund	15,716,996	(15,716,996)	-	-	-	-
Life Events Bond Funds	92,938,306	(92,938,306)	-	-	-	-
Pre-Arranged Funeral Fund	15,755,144	(15,755,144)	-	-	-	-
KeyInvest Funeral Bond	275,757,540	(275,757,540)	-	-	-	-
KeyInvest Funeral Fund Unitised	14,355,954	(14,355,954)	-	-	-	-

The Capital Base All Tier 1 includes Additional Tier 1 Capital of $10,543,015. There are no regulatory adjustments applied in the calculation of Additional Tier 1 Capital.

At 30 June 2023 the Management Fund Capital Adequacy Multiple (%) (a)/(b) is 208%. Solvency requirements for the life investment contracts were met at all times during the financial year.

	2022					
Fund	Net Assets $	Member Balances & Unallocated Surpluses $	Adjustments to Capital Base $	Capital Base All Tier 1 (a) $	Prescribed Capital Requirement (b) $	Capital Surplus $
Management Fund	24,528,318	-	(937,548)	23,590,770	10,000,000	13,590,770
Supersaver Bond Fund	16,784,686	(16,784,686)	-	-	-	-
Life Events Bond Funds	81,531,020	(80,531,020)	-	-	-	-
Pre-Arranged Funeral Fund	18,025,075	(18,025,075)	-	-	-	-
KeyInvest Funeral Bond	117,917,429	(117,917,429)	-	-	-	-
KeyInvest Funeral Fund Unitised	10,042,882	(10,042,882)	-	-	-	-

At 30 June 2022 the Management Fund Capital Adequacy Multiple (%) (a)/(b) is 236%. Solvency requirements for the life investment contracts were met at all times during the financial year.

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 35. Life investment contracts

Policyholder assets and liabilities 2023	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Cash and cash equivalents	1,449,220	420,885	1,076,204	4,021,477	60,396	**7,028,182**
Financial assets	14,117,519	91,984,890	14,456,251	268,801,520	14,102,305	**403,462,485**
Receivables	87,171	14,915	106,423	1,633,028	-	**1,841,537**
Current tax benefit	2,174	-	64,518	7,163	-	**73,855**
Deferred tax assets	60,912	517,616	51,748	1,294,352	193,253	**2,117,881**
Total assets	**15,716,996**	**92,938,306**	**15,755,144**	**275,757,540**	**14,355,954**	**414,523,940**
Payables	370,097	23,009	31,895	481,982	28,029	**935,012**
Current tax liability	-	158,316	-	1,104,323	-	**1,262,639**
Policyholder liabilities	15,011,600	92,756,981	15,919,653	270,925,844	14,327,925	**408,942,003**
Unallocated policyholder benefits	335,299	-	(196,404)	3,245,391	-	**3,384,286**
Total liabilities	**15,716,996**	**92,938,306**	**15,755,144**	**275,757,540**	**14,355,954**	**414,523,940**
Net assets	**-**	**-**	**-**	**-**	**-**	**-**

Policyholder income and expenses 2023	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Investment income	900,576	6,054,601	831,080	10,596,068	701,348	**19,083,673**
Investment expenses	(303,830)	(464,850)	(132,919)	(733,143)	(26,626)	**(1,661,368)**
Management fees	(281,286)	(249,000)	(307,505)	(3,380,158)	(66,584)	**(4,284,533)**
Allocated to policyholders	-	(3,975,415)	(72,589)	(436,960)	(434,731)	**(4,919,695)**
Profit (loss) before tax	315,460	1,365,336	318,067	6,045,807	173,407	**8,218,077**
Income tax benefit/(expense)	(133,911)	(1,365,336)	29,949	(1,832,722)	(173,407)	**(3,475,427)**
Profit (loss) after tax	181,549	-	348,016	4,213,085	-	**4,742,650**
Transfer from (to) other funds	-	-	-	2,377,107	-	**2,377,107**
Unallocated policyholder benefits at beginning of the year	153,750	-	(544,420)	(3,344,801)	-	**(3,735,471)**
Unallocated policyholder benefits at end of the year	**335,299**	**-**	**(196,404)**	**3,245,391**	**-**	**3,384,286**

Movement of policyholder liabilities 2023	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Value of policyholder liabilities at beginning of the year	16,211,229	80,607,709	18,569,495	120,895,437	9,987,224	**246,271,094**
Deposits	70,287	15,946,732	1,800	7,261,211	4,264,094	**27,544,124**
Allocation to policyholders	-	3,975,415	72,589	436,960	434,731	**4,919,695**
Withdrawals	(1,269,916)	(7,772,875)	(2,724,231)	(15,241,658)	(358,124)	**(27,366,804)**
Transfer from (to) other funds	-	-	-	157,573,894	-	**157,573,894**
Value of policyholder liabilities at end of the year	**15,011,600**	**92,756,981**	**15,919,653**	**270,925,844**	**14,327,925**	**408,942,003**
Policyholder liabilities and unallocated benefits	**15,346,899**	**92,756,981**	**15,723,249**	**274,171,235**	**14,327,925**	**412,326,289**

KeyInvest Ltd
Notes to the financial statements
30 June 2023

Note 35. Life investment contracts (continued)

Policyholder assets and liabilities 2022	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Cash and cash equivalents	2,912,017	1,479,219	2,991,959	8,411,808	66,372	**15,861,375**
Financial assets	13,401,171	78,325,783	14,803,920	107,374,788	9,631,282	**223,536,944**
Receivables	274,500	1,395	87,480	797,659	-	**1,161,034**
Current tax benefit	-	-	55,400	-	-	**55,400**
Deferred tax assets	196,998	1,724,623	86,316	1,333,174	345,228	**3,686,339**
Total assets	16,784,686	81,531,020	18,025,075	117,917,429	10,042,882	**244,301,092**
Payables	340,000	27,242	-	202,034	10,544	**579,820**
Current tax liability	79,707	896,069	-	164,759	45,115	**1,185,650**
Policyholder liabilities	16,211,229	80,607,709	18,569,495	120,895,437	9,987,223	**246,271,093**
Unallocated policyholder benefits	153,750	-	(544,420)	(3,344,801)	-	**(3,735,471)**
Total liabilities	**16,784,686**	**81,531,020**	**18,025,075**	**117,917,429**	**10,042,882**	**244,301,092**
Net assets	-	-	-	-	-	-

Policyholder income and expenses 2022	Supersaver Bond Fund $	Life Events Bond Funds $	Pre-Arranged Funeral Fund $	KeyInvest Funeral Fund $	KeyInvest Funeral Fund Unitised $	Total Life Investment Contracts $
Investment income	452,880	4,435,521	443,033	2,358,461	244,899	**7,934,794**
Investment expenses	(801,295)	(8,921,352)	(1,022,225)	(5,838,564)	(1,090,789)	**(17,674,225)**
Management fees	(55,770)	(240,885)	(290,592)	(1,295,828)	(44,549)	**(1,927,624)**
Allocated to policyholders	14,783	3,041,761	(102,839)	(146,513)	613,298	**3,420,490**
Profit (loss) before tax	(389,402)	(1,684,955)	(972,623)	(4,922,444)	(277,141)	**(8,246,565)**
Income tax benefit/(expense)	149,931	1,684,955	161,902	1,374,893	277,141	**3,648,822**
Profit (loss) after tax	(239,471)	-	(810,721)	(3,547,551)	-	**(4,597,743)**
Unallocated policyholder benefits at beginning of the year	393,221	-	266,301	202,750	-	**862,272**
Unallocated policyholder benefits at end of the year	**153,750**	-	**(544,420)**	**(3,344,801)**	-	**(3,735,471)**

Movement of policyholder liabilities 2022						
Value of policyholder liabilities at beginning of the year	19,265,597	74,072,852	20,618,486	122,267,317	5,536,414	**241,760,666**
Deposits	146,927	24,046,666	10,000	4,449,915	5,284,474	**33,937,982**
Allocation to policyholders	(14,783)	(3,041,761)	102,839	146,513	(613,298)	**(3,420,490)**
Withdrawals	(3,186,512)	(14,470,048)	(2,161,830)	(5,968,308)	(220,367)	**(26,007,065)**
Value of policyholder liabilities at end of the year	**16,211,229**	**80,607,709**	**18,569,495**	**120,895,437**	**9,987,223**	**246,271,093**
Policyholder liabilities and unallocated benefits	**16,364,979**	**80,607,709**	**18,025,075**	**117,550,636**	**9,987,223**	**242,535,622**

Directors’ Declaration

In the Directors’ opinion:

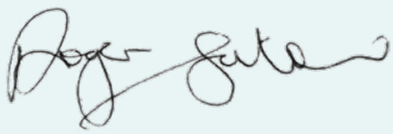
a. the consolidated Financial Statements of KeyInvest Ltd and its controlled entities are in accordance with the Corporations Act 2001, including:

- **i.** giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2023 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: 26 September 2023

Auditor's Report

Nexia
Edwards Marshall

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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 2023, 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
- 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 2023 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*.

Auditor's Report

Nexia Edwards Marshall

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

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 2023, 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.

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 Report

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

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.

Auditor's Report

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

Auditor's Responsibility for the Audit of the Financial Report (cont)

- 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

26 September 2023

Advisory. Tax. Audit.

Company information

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Appointed Actuary

Brett & Watson Pty Ltd
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Auditor

Nexia Edwards Marshall Chartered Accountants
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Notes

Lonsec Ratings

5
Highly Recommended
Lonsec Research

Approved
Lonsec

KeyInvest Life Events Bond

KeyInvest Funeral Bond

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