ASX Announcement

9 September 2024

Australian Unity Limited – Annual Report 2024 and correction to Full Year Financial Report and Annual Results Announcement

The Company refers to its Full Year Financial Report which it published on Wednesday 28 August 2024 and its Annual Results Announcement (**Announcement**) of the same date.

The Full Year Financial Report and the Announcement incorrectly stated that:

- other revenue and other income from operating businesses of the Group grew in the year to 30 June 2024 by $301.8 million; and
- investment earnings in the year to 30 June 2024 were $57.4 million lower than the prior corresponding period.[1]

The references to "$301.8 million" and "$57.4 million lower" should have read "$231.9 million" and "$12.5 million above" respectively.

The relevant statement in the Full Year Financial Report should have read as follows:

> Insurance revenue remained steady, while other revenue and other income from operating businesses grew by $231.9 million. Investment earnings were $12.5 million above the prior corresponding period and benefit fund income was $174.9 million higher.

There are no other changes to the Full Year Financial Report or the Announcement as a result of this correction.

The **attached** Annual Report for the year ended 30 June 2024 contains the corrected information.

-end-

This announcement has been authorised for release by Melinda Honig, Company Secretary.

ASX code:
AYU

Securities on Issue:
AYUPA – 5,070,950
AYUHC – 321,157
AYUHD – 2,070,000
AYUHE – 2,558,050

Issuer:
Australian Unity Limited
ACN 087 648 888

Enquiries:
Australian Unity Registry
1300 554 474

Contact details:
Australian Unity Limited
271 Spring Street
Melbourne VIC 3000
Tel: 13 29 39

The listing of Australian Unity Securities on the ASX does not affect Australian Unity Limited's status as a mutual entity

[1] See page 1 of the Full Year Financial Report and page 1 of the Announcement.

For further information:

Ashley Oliver
Manager – Public Affairs
T: 1300 408 774
E: media@australianunity.com.au

Australian Unity
Real Wellbeing

Annual Report
2024

Established in 1840, we are Australia's first wellbeing company, delivering health, wealth and care services for our members and the community.

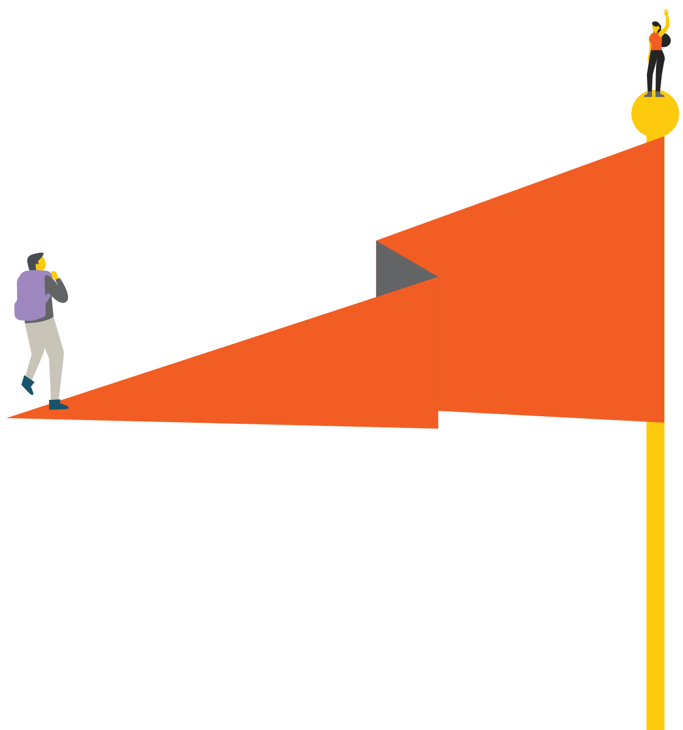
As a social enterprise, we're motivated by our purpose to positively impact the wellbeing of millions. We reinvest profits to deliver products and services sustainably that matter most to our members, customers and the Australian community.

For us, Real Wellbeing encompasses the whole experience of life. It's about feeling supported in your health, connected with your community and empowered to live life on your terms.

Visit our Investor Centre to access Australian Unity's full reporting suite — australianunity.com.au/investor-centre

Australian Unity acknowledges the Traditional Owners of the lands and waters within Australia and recognises the important connection to Country that Aboriginal and Torres Strait Islander peoples have.

Contents



$2.01 billion

in community and social value in FY2024*

*Value from 2024, reported in Our Impact (Released September 2024)

Chair's report

Reflecting on our achievements and on the events of the past year, it is difficult not to conclude that we are living in a time of particularly rapid change.

National and global shifts have been felt across the social and economic environments that our portfolio of businesses operate in, and I am incredibly proud to use this report to highlight how our Group has made positive and impactful progress during the reporting period.

For several years we have been making strategic and intensive structural adjustments to ensure we are adequately equipped for change, and the 2024 financial year saw us reach an important peak in these operational activities. A key focus was our investment in technology and systems and our strategic decision making, for example, through further investment in our Home Health services in response to demographic changes.

These strategic efforts delivered the Group sound financial results in FY2024, consistent with our trading update published on 3 June 2024 (available at: www.australianunity.com.au/asx-announcements).

Listening to learn

We know this period of unprecedented change is having real and tangible impacts on the wellbeing of the communities we serve. Our Australian Unity Wellbeing Index report, developed in partnership with Deakin University, has shown that the life satisfaction of Australians has been trending down since 2010, and when coupled with worldwide volatility, uncertainty, complexity and ambiguity, we are anticipating unprecedented community needs for our services over the medium and longer term.

Also, through the diverse areas that our businesses operate in, we can uniquely see and hear what our customers, members, staff and the broader community need most, and we are using these insights to directly guide our strategic decision making.

I have become increasingly concerned at the growing inequality in terms of both wealth and income in our nation—which is notably evident in an intergenerational context. Daily headlines highlight how out of reach home ownership has become for many, and now, even the availability of adequate rental housing is under significant stress. The high cost of living is also contributing to detrimental effects on the wellbeing of our nation, as reflected in our most recent Australian Unity Wellbeing Index report.

These challenges are guiding the board and our discussions on how Australian Unity can play a meaningful role in addressing the evolving needs of our members, customers and the community, now and into the future.

Reflecting on the outcome of the 2023 referendum, I remain a strong supporter of the need to continue the pathway towards unity with First Nations Peoples. I am proud that this support is reciprocated across our board and executive team, and the Group continues to demonstrate its commitment through the delivery of our Reconciliation Action Plan (RAP). Our large Indigenous workforce and customer base also serve as a direct impetus for prioritising our reconciliation efforts.

One of the highlights of my tenure as Chair, to date, was my visit to Dubbo for the launch of our Stretch RAP, which is the second highest level of endorsement within Reconciliation Australia's RAP framework. It was a great pleasure to meet and talk with Aboriginal Home Health leaders and carers as well as many of the clients we serve at this important event.

These events are opportunities for connection and understanding that help us to be consistent with the work we undertake in the community and allow us to continue to listen and to learn.

Learning into action

My future vision for Australian Unity is to be a recognised and respected purpose-driven organisation with reach and influence as an advocate for real wellbeing in the wider community. We seek to be innovative, humanistic and a magnet for members, customers, employees and partners who align with our values of being bold, warm and honest. I feel that we have embarked wholeheartedly on this journey in the year under review, and I sincerely believe we are making strong progress.

From the game-changing acquisition of *myHomecare Group* (MHC), in March 2024 and the acquisition of *Insignia Financial Ltd's* investment bonds business, *IOOF Ltd*, in July 2023 (now known as Australian Unity Life Bonds Limited) to the planning for the next stages of the flagship Herston Quarter Precinct development in Brisbane, it is a truly exciting, future-shaping time for the Group.

Sitting at the core of these investments is our purpose to positively impact the wellbeing of millions. We do this by continuing to develop our capability, reach and impact.

I am pleased to share that in FY2024, we calculate that Australian Unity delivered $2.01 billion in community and social value. While displayed as a financial value, the real value is felt across our key areas of impact—lifelong wellness, economic empowerment and strong communities.

Our Impact report describes the depth of this work in greater detail, while describing our Community & Social Value Framework that is informed by the longstanding Australian Unity Wellbeing Index. I encourage you to access this report from the Australian Unity website (available at: www.australianunity.com.au/our-impact).

As an organisation whose mission is to be Australia's most trusted wellbeing company, we are committed to practising what we preach, and we continue to prioritise the wellbeing of our employees alongside our focus on the needs of those we serve—our members, customers and the broader community.

Our board

It is an incredibly rewarding time to be leading our board. Together, we are leading Australian Unity through an important inflection point.

This year, we have embarked on a detailed board governance review to ensure we are match-fit for the many challenges and exciting opportunities ahead, while pursuing our ambition to deliver best-in-class performance.

We have also remained vigilant of our structured renewal program, which ensures our board remains best placed to achieve our vision. This year we welcomed non-executive director Kim Cheater, effective from 1 March 2024. Kim has held a number of roles with PwC, including as a partner for nearly 20 years and as a former managing partner of the Adelaide office. He also led PwC's national Reconciliation Action Plan initiatives. Kim is the current chair of the South Australian Museum and Alwyndor Aged Care and a non-executive director of RAA Group, RAA Insurance and ReturnToWorkSA.

I thank my board colleagues for their support, commitment and wise counsel over the year. Serving on a board is a team sport, and I am proud to serve with them to advance our strategic priorities for the benefit of our stakeholders.

Su McCluskey has notified her intention to retire as a director with effect from the conclusion of the Annual General Meeting scheduled for 30 October 2024. On behalf of my fellow directors, I would like to sincerely thank Su for the valuable contribution she has made to Australian Unity since 2015, particularly as a director of numerous subsidiaries, as Chair of the Risk & Compliance Committee and as a member of the Audit Committee and of the People, Culture & Remuneration Committee. We wish her well for the future.

I also thank our Group Managing Director, Rohan Mead, and the executive and management teams for their enthusiasm in partnering with the board as we continue to work together to achieve our shared purpose.

I commend our FY2024 Annual Report to you, and I look forward with confidence to our future journey together.

Lisa Chung

Lisa Chung AM
Chair

$75.8m

adjusted EBITDA[1]

$2.17b

revenue and other income

Group Managing Director's report

The last year has been a year of transformation for our Group. We have continued to shape our portfolio of activities in line with our 10-year vision and have taken important steps during the year in review designed to significantly grow our financial scale and social impact in the years ahead.

Our vision aims to build an organisation that is an impact driven, social enterprise, at scale—offering a range of sector-shaping and consumer-valued products in the areas of health, wealth and care, including social infrastructure.

Since 2020, the Group has invested substantially to shape our portfolio so that our products and services are better aligned with the needs of our customers, members and the wider community.

In the year to 30 June 2024, the Group reported Adjusted EBITDA[1] of $75.8 million and a statutory loss after tax of $22.7 million. This result included significant costs related to material acquisitions and integrations, business transformation and internal restructuring.

In the context of these significant changes, the Group increased total revenue and other income by $419.9 million to $2,173.0 million (30 June 2023: $1,753.1 million[2]). Insurance revenue remained steady, while other revenue and other income from operating businesses grew by $231.9 million. Investment earnings were $12.5 million above the prior corresponding period and benefit fund income was $174.9 million higher.

During the year the Group allocated approximately $43.8 million to business model transformation and integration programs. This had an adverse impact on financial performance for the year, while being an important adjustment in support of more efficient and scalable growth, as well as improved cash earnings for future periods.

The year under review also included significant divestment and acquisition activities. We sold certain commercial property and fixed interest funds management operations, along with the Advice business. We also acquired *Insignia Financial Ltd's* investment bonds business, *IOOF Ltd* (now *Australian Unity Life Bonds Limited* - AULBL) and the *myHomecare Group* (MHC), both of which can significantly improve scale, cash earnings, and growth opportunities for the company.

The Group acquired approximately $419 million of ongoing, annualised revenue through the acquisition of MHC and *IOOF Ltd*, and divested approximately $81 million of annualised revenue through the sale of the Group's Advice business.

In addition to our financial results, and as mentioned by the Chair, in our role as a social enterprise we are focused on delivering and measuring impact against our community and social value (CSV) targets. Reflecting on these targets, during the year we secured a $50 million Sustainability Linked Loan (SLL) facility from Westpac, with an interest rate linked to the delivery of CSV. This loan provides additional measurement and encouragement to make sure we put our CSV framework to work at the heart of our decision making.

Strategic and financial performance of our four business platforms

In the year under review, the Group's operations were conducted through four business platforms—Home Health, Residential Aged Care, Retail, and Wealth & Capital Markets (W&CM).

Home Health

The Home Health platform invested in transformational activity to enable more efficient and effective delivery of services to over 50,000 customers. The platform recorded a sound financial result with strong revenue growth, attributable to home care package pricing increases (supporting the Fair Work Commission's decision to increase wages across the aged-care sector).

Also contributing to the solid revenue growth was the acquisition of MHC, which added $108.8 million to the segment revenue for the period post-settlement. The MHC acquisition contributed $1.6 million towards Home Health's Adjusted EBITDA, a combination of $8.2 million of trading Adjusted EBITDA net of $6.6 million in integration costs.

In addition to commencing the integration process for MHC, the business also continued to transform its operating model to meet the growing needs and expectations of customers—including materially advancing the design and development of a new core operating system to better support the delivery of integrated healthcare propositions in the world of increasing co-morbidities. Home Health's Adjusted EBITDA included $15.8 million of transformation expenses (30 June 2023: $7.8 million).

After taking into consideration this business transformation and the part-year benefit of the MHC acquisition, Home Health achieved Adjusted EBITDA growth of 11.2 percent to $50.5 million (30 June 2023: $45.4 million).

Residential Aged Care
The Residential Aged Care platform's total segment revenue of $208.7 million (2023: $150.9 million) was strengthened by an uplift in daily accommodation payments and refundable accommodation deposit revenues. The improved revenue arose through higher occupancy levels over the year, which averaged 97.1 percent in mature homes —4.4 percentage points above the sector average of 92.7 percent[3] and 2.3 percentage points above the sector top quartile along with the trade up of its two newest facilities at a stronger pace than projected for the year.

Retail
The Retail platform's total segment revenue was higher than the prior year mainly due to higher interest income from the Banking business. The primary drivers of movement in Adjusted EBITDA were a return of Private Health Insurance claims experience to long-term trend levels and an improvement in the expected credit loss position for the Banking business, which broadly cancel each other out.

The private health insurance (PHI) fund delivered the third lowest premium increase in the sector for FY2024[4], at an average of 1.42 percent, compared to the sector average of 3.03 percent[5]. This lower increase for policyholders followed, and was in addition to, the 12-month deferral of the FY2023 premium increase of 3.76 percent.

Despite the challenges faced within a competitive loan environment, Australian Unity Bank experienced solid lending growth with the gross loan portfolio increasing by 20.5 percent.

Wealth & Capital Markets (W&CM)
The W&CM platform recorded a 1.4 percent decrease in Adjusted EBITDA compared to the prior corresponding period largely relating to increased revenue from the acquisition of *IOOF Ltd* (now AULBL), offset by a reduction in joint venture EBITDA.

During the year under review, the platform accelerated key portfolio opportunities including the $41.0 million *IOOF Ltd* business acquisition, and $67.0 million invested into social infrastructure funds which included investment into the Australian Unity Healthcare Property Trust; acquisition of Stage 9 of Brisbane's health and innovation destination, Herston Quarter, to further optimise the precinct and build of a 1,000-plus space Northern Car Park; and establishment of a student accommodation fund.

Capital raising
Over the financial year, the Group also undertook a successful range of capital management activities, including a $118.7 million issue of mutual capital instruments (MCIs) through an entitlement offer and institutional placement, along with debt issuance involving a simple corporate bond offer, and establishing the SLL. These activities strengthened the Group's balance sheet, allowed early refinancing of $82.9 million in Australian Unity Limited Series C Bonds (AYUHC), shifted the gearing ratio of the company from 30 percent in December 2023 to 29 percent in June 2024, and helped finance the acquisition of MHC.

Our board
On behalf of the management team, I thank our Chair, Lisa Chung AM, and our Deputy Chair, Melinda Cilento, for their dedication to their roles on the board. I extend my appreciation to all directors for their counsel over the year, including new director, Kim Cheater. Like the Chair, I also thank Su McCluskey, who will be retiring as a director at the conclusion of this year's Annual General Meeting. Her contribution to the Group has been significant and her depth of experience invaluable.

~~~

During the year, our board, executive and colleagues across the Group have worked collectively to execute on our ambitious agenda. Through this report, I hope you gain some insight into the outcomes of these efforts and on how we plan to continue to deliver meaningful social impact in the years ahead. I thank my management colleagues and all staff for their efforts and contributions to the year in review.

Rohan Mead
Group Managing Director
& Chief Executive Officer

1 In assessing the performance of its operating business segments, the Group uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). As the name indicates, this measure excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes Group overheads and other material non-recurring expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in Note 1 (c) (ii) of the consolidated financial statements. For the purposes of the financial performance in the Operating and Financial Review, the Group Adjusted EBITDA is the sum of the platform Adjusted EBITDA plus the Corporate Functions.

2 FY2023 comparative information has been restated following adjustments made to prior year financial statements due to the implementation of AASB 17 *Insurance Contracts*. Further information about the nature and impact of the restatement is included in Note 40 (d) of the consolidated financial statements.

3 2024 07 Stewart Brown Aged Care Financial Performance Survey (March 2024): https://www.stewartbrown.com.au/news-articles/26-aged-care/296-2024-07-stewartbrown-aged-care-financial-performance-survey-march-2024.

4 Australian Department of Health and Aged Care, Average annual price changes in private health insurance premiums: https://www.health.gov.au/resources/publications/average-annual-price-changes-in-private-health-insurance-premiums.

5 Australian Department of Health and Aged Care, PHI 16/24 Private Health Insurance Premium Round Announcement: https://www.health.gov.au/news/phi-circulars/phi-1624-private-health-insurance-premium-round-announcement.
~~~

About us

Our purpose
To positively impact the wellbeing of millions

Our vision
To enable Real Wellbeing for our members, customers and community through our portfolio of commercial, sustainable businesses

Our areas of operation
Health, Wealth & Care

Our organisational pillars
In our endeavours to create positive and long-lasting impact, four organisational pillars direct our key growth efforts.

Member and customer focus
We develop our products and services to support the changing wellbeing needs of our members and customers.

Sustainable financial performance
The strength and scale of our operations allows us to generate sustainable financial performance with a greater positive impact for the future.

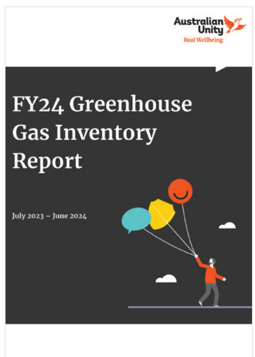
Community and social value
Our portfolio seeks to maximise positive community and social value. We are a trusted institution supported by our strong governance practices.

People, wellbeing and capability
We seek to ensure our people have the right skills, mindset, capability and culture to support our ambition and enable them by supporting their wellbeing.

Our corporate reports

Our Impact 2024

Our 2024 Tax Transparency report



Our 2024 Greenhouse Gas Inventory Report

Find out more at
www.australianunity.com.au/reports-presentations

Our portfolio

As a wellbeing company, we've built a diverse and thematically linked portfolio, delivering health, wealth and care products and services, organised under four customer-focused platforms.

Home Health

Providing a spectrum of home care, health services and mental health interventions.

Residential Aged Care

Delivering high-quality clinical, care and service offerings in a Better Together® small household setting to ageing Australians.

Retail

Health Insurance

Supporting customers to improve their health and wellbeing outcomes through a range of health insurance options.

Banking

Providing a wide range of personalised banking services, such as owner-occupied and investor home loans, personal loans, credit cards, everyday transaction accounts, savings accounts and term deposits.

Wealth & Capital Markets*

Social Infrastructure

Providing broad real-estate sector investment exposure and managing the business' retirement living and aged care development portfolio.

Life

Providing investment bonds, funeral bonds and education savings plans.

Funds Management

Providing specialist investment propositions that serve investors (including cash, fixed interest, listed property, Australian equities and Australian emerging companies) and managing the Group's investment portfolio.

Trustee Services

Providing estate administration, tax and executor assistance services.

Portfolio structure as at 30 June 2024.

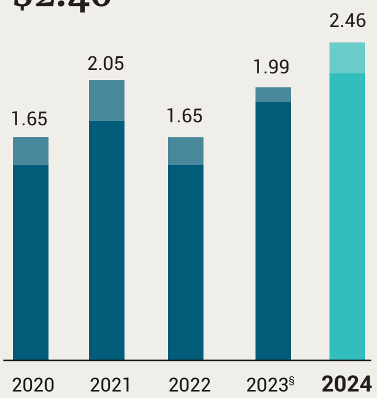
*Effective from December 2023, Australian Unity entered into a transaction and tripartite alliance with Australian Financial Services Licensee, Fortnum Private Wealth (Fortnum) and AZ NGA-owned professional advisory firm Nestworth Financial Strategists (Nestworth) for the sale of its financial advice (Advice) business.

FY2024 at a glance

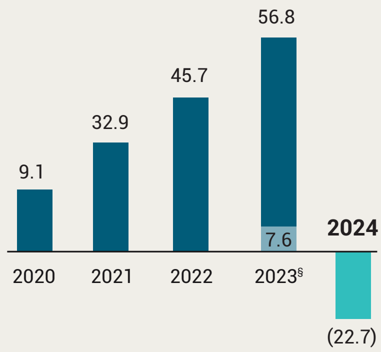
370,000+
Members

9,500+
Employees

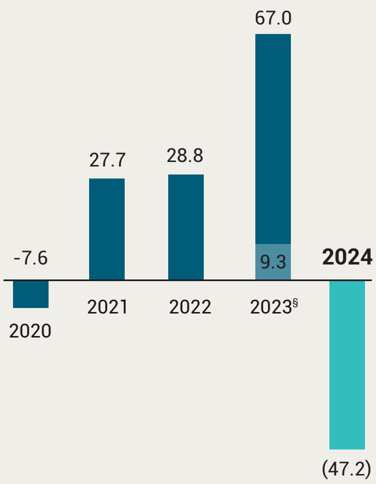
Revenues ($b)†
$2.46



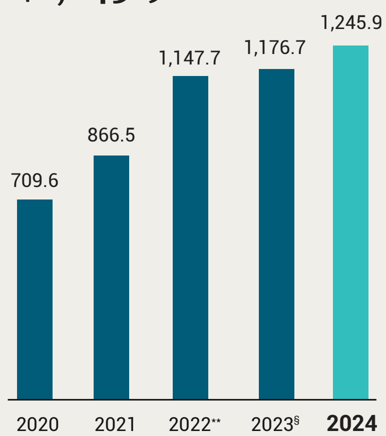
Profit/(loss) after income tax ($m)
$(22.7)



Profit/(loss) before income tax ($m)^
$(47.2)



Members' funds ($m)‡
$1,245.9



† Revenues: comprise revenue and other income (shown as the bottom section of the bar chart) as shown in the Consolidated statement of comprehensive income in the Annual Report, excluding discontinued operations, plus life investment contract premium receipts (shown as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.

^ Profit before income tax: attributable to members of Australian Unity Limited.

‡ Members' funds: net assets of the Group attributable to members.

§ 2023 has been restated in accordance with the implementation requirements of AASB 17 *Insurance Contracts* to be on the same basis as 2024. This has resulted in 2023 profit after income tax reducing to $7.6 million on a restated basis rather than $56.8 million as reported in 2023. The movement was mainly an increased adjustment to opening 2023 retained earnings.

** 2022 Members' funds as reported in 2022.

Home Health

$586.7m

in total segment revenue
(2023: $415.5m)

$50.5m

in Adjusted EBITDA^
(2023: $45.4m)

205m

Safe minutes of care delivered¤
(2023: 178m)

Residential Aged Care

$208.7m

in total segment revenue
(2023: $150.9m)

$38.8m

in Adjusted EBITDA^
(2023: $22.4m)

97.1%

Average occupancy levels in mature homes
(2023: 94.3%)

Retail

$765.2m

in total segment revenue§
(2023: $744.0m)

$57.2m

in Adjusted EBITDA^
(2023: $58.5m)

$1,393m

Australian Unity Bank gross loan portfolio*
(2023: $1,156m)

Wealth & Capital Markets

$232.5m

in total segment revenue§
(2023: $207.1m)

$45.5m

in Adjusted EBITDA^
(2023: $46.1m)

$18.76b

Gross funds under management, administration and advice
(2023: $28.35b)

$651.8m

Private health insurance (PHI) gross claims
(2023: $632.6m)

Top 3 PHI claims by combined hospital and medical cost

Total benefits paid by Australian Unity	Total length of stay	Description
$208,117	39	Gastrointestinal surgery
$138,990	30	Cardiac surgery
$169,174	20	Spinal surgery

Top 3 PHI single day claims by cost

Total benefits paid by Australian Unity	Description
$59,137 (including $41,609 prosthesis benefit paid)	Insertion of cardiac defibrillator
$46,817 (including $34,958 prosthesis benefit paid)	Replacement of cardiac defibrillator generator
$53,774 (including $41,609 prosthesis benefit paid)	Insertion of cardiac defibrillator

^ In assessing the performance of its operating business segments, the Group uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). As the name indicates, this measure excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes Group overheads and other material non-recurring expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in Note 1 (c) (ii) to the consolidated financial statements. For the purposes of the financial performance in the Operating and Financial Review, the Group Adjusted EBITDA is the sum of the platform Adjusted EBITDA plus the Corporate Functions.

¤ Across community and virtual care services.

* Australian Unity Bank loan portfolio: gross loans before provision for doubtful debts.

Governance

Australian Unity must foster good corporate governance, with sound risk and conflict management practices a fundamental part of its approach.

The Corporate Governance Framework of Australian Unity Limited (the Company) has been developed to reflect the requirements of APRA's Prudential Standards—including those related to Governance, Remuneration, Fit and Proper and Risk Management—as well as key aspects of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (Principles). Australian Unity acknowledges that the Principles do not apply to Australian Unity Limited as it is debt-listed on the Australian Securities Exchange (ASX).

Notwithstanding, Australian Unity considers the Principles to be a valued source of governance guidance and seeks to align itself with the Principles.

Governance structure

Australian Unity is governed by the Company's board. The board is supported by its committees including the Risk & Compliance (R&C) Committee, Audit Committee, People, Culture & Remuneration (PC&R) Committee and Investment Committee. The Group Managing Director (GMD) reports to the board and, alongside the Group Leadership Team (GLT), is responsible for managing Australian Unity's day-to-day operations.

The board has structures and processes to support the management of Australian Unity, including policies and procedures, risk and conflict management frameworks and internal controls, which are designed to promote effective, responsible and ethical conduct.

Australian Unity Limited Board

Risk & Compliance Committee

Oversees the implementation and effectiveness of the Enterprise Risk Management Framework and monitors the Group's risk appetite and compliance with legal and regulatory requirements—including operational resilience and health and safety.

Audit Committee

Provides challenge and oversight of financial reporting and auditing activities. Upholds the integrity of financial accounts, supervises external and internal audit functions and promotes effective corporate governance and compliance with regulatory requirements.

People, Culture & Remuneration Committee

Provides strategic direction and oversight regarding people, culture and remuneration activities. Upholds best practices in talent management, promotes a diverse and inclusive workplace and needs to ensure that remuneration policies are fair and aligned with Australian Unity's goals.

Investment Committee

Provides challenge, oversight and governance to management in relation to investment activities. Promotes transparency and a robust risk culture in respect of investment activities.

Group Managing Director

Group Leadership Team

Note: a very small percentage of businesses acquired by Australian Unity may have governance structures independent of Australian Unity (of which Australian Unity has oversight).

The board

Board roles and responsibilities

The board's responsibilities include approving Australian Unity's strategy, budget and operating plans, appointing and evaluating the performance of the GMD, setting and approving Australian Unity's Risk Appetite Statement (RAS) and Enterprise Risk Management Framework (ERMF) and monitoring the effectiveness of Australian Unity's governance arrangements. The Australian Unity Limited Board Charter (Board Charter) is available on Australian Unity's website (australianunity.com.au) and describes the board's roles and responsibilities, including the matters reserved for the board.

Board structure and composition

As at 30 June 2024 (year end), the board comprised nine directors—eight non-executive directors (including the board's Chair) and the GMD (an executive director). Australian Unity has a written agreement with each non-executive director outlining the terms of their appointment.

The board's Chair, Lisa Chung AM, leads the board and is responsible for the efficient conduct of the board's meetings. As the board's Deputy Chair, Melinda Cilento supports the Chair and acts in that position when Ms Chung is absent or not available. More information on the roles of the Chair and Deputy Chair can be found in the Board Charter.

Each director's biography as at year end, including their appointment date and tenure, can be found on the following page.

All of the Company's board and member meetings are conducted in English, with its key corporate documents written in English. As all of the Company's directors are proficient in English, it is not presently necessary for Australian Unity to have in-place engagement processes for non-English-speaking directors.

Board and committee meetings

The board met ten times in the year under review, with the R&C Committee meeting six times and the Audit Committee, PC&R Committee and Investment Committee meeting four times. Director attendance at board and committee meetings throughout the year is set out in the Directors' Report. Board and committee meetings are generally conducted over two-to-three consecutive days, with directors regularly meeting without management present to encourage independent discussion.

Independence and re-election of directors

As at year end, all non-executive directors are considered to be independent. A director is considered independent if they are free of any interest, position or relationship that could or could reasonably be perceived to materially influence their ability to exercise independent judgement on board matters and act in the best interests of the Company as a whole. The criteria for assessing a director's independence are detailed in the Board Charter.

Directors must continuously update their interests, positions, associations and any potential conflicts. These updates are used to reassess each director's independence regularly. Directors are also required to abstain from discussions or voting on any matters where they may have an actual or perceived conflict of interest.

Generally, directors (other than the GMD) serve three-year terms, after which they must seek re-election at the Company's Annual General Meeting (AGM). Directors may serve for a maximum of 12 years, contingent on member re-election. However, extensions beyond this term may be granted in exceptional circumstances, as outlined in the Board Renewal and Evaluations Policy, which is available on our website. Additionally, all directors must meet the 'Fit and Proper' criteria, as defined by the relevant regulatory frameworks applicable to Australian Unity, and must stand for re-election at the first AGM following their appointment.

Board experience, skills and diversity

The board comprises directors with a broad range of experience, expertise and diversity in background and gender. The board, led by the Chair with support from the PC&R Committee, regularly and at least annually considers the directors' skills. During the reporting period, the board skills matrix was comprehensively reviewed and enhanced to ensure that the mix of skills aligns closely with Australian Unity's strategic ambitions. A summary of the board skills matrix follows on page 14.

Board of directors

Lisa Chung AM
LLB, FIML, FAICD
Chair

Ms Chung was appointed to the board of Australian Unity Limited on 30 June 2017 and appointed Chair on 26 October 2022. She is a director of a number of Australian Unity Limited subsidiaries and a member of the Audit Committee, Investment Committee, People, Culture & Remuneration Committee and Risk & Compliance Committee. Ms Chung is currently chair of The Front Project, a director of AVJennings Limited, Warren and Mahoney Limited, Artspace/Visual Arts Centre, Sydney Community Foundation and the Committee for Sydney Limited and a trustee of the Art Gallery of NSW Foundation. Prior to this, Ms Chung was a partner specialising in commercial property and infrastructure at Maddocks Lawyers and at Blake Dawson (now Ashurst) where she also held various senior management roles and was an elected member of the firm's board. Ms Chung completed the Advanced Management Program at INSEAD in France in 2004. She was previously chairman of The Benevolent Society and Urbis and a non-executive director of APN Outdoor Limited. Ms Chung has not held any directorships of listed entities in addition to those set out above during the last three years.

Melinda Cilento
BA, BEc (Hons), MEc, GAICD
Deputy Chair

Ms Cilento was appointed to the board of Australian Unity Limited on 1 May 2014 and appointed Deputy Chair on 26 October 2022. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the People, Culture & Remuneration Committee and a member of the Investment Committee and Risk & Compliance Committee. She is also co-chair of Reconciliation Australia and until 1 May 2019 was a director of Woodside Petroleum. In addition to her directorships, Ms Cilento is the CEO of the Committee for Economic Development of Australia. She is a member of the Parliamentary Budget Office panel of expert advisors, the Australian Statistical Advisory Council and the Ministerial Advisory Committee on Skilled Migration. She has previously been a commissioner with the Productivity Commission and worked for eight years with Australia's leading CEOs at the Business Council of Australia, including four years as deputy chief executive. Prior to joining the Business Council of Australia, Ms Cilento was Head of Economics at Invesco Australia. Ms Cilento has also worked with the Federal Treasury and International Monetary Fund in Washington DC. She was a director of Wesfarmers General Insurance until June 2014. Ms Cilento has not held any directorships of listed entities in addition to those set out above during the last three years.

Rohan Mead
Group Managing Director & CEO

Mr Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of most subsidiary boards and several committees. Mr Mead is chair of the Business Council of Co-Operatives and Mutuals Limited (BCCM). He is also chair of the Business Council of Australia's Health and Care Economy Committee and a member of its Indigenous Engagement Committee. Mr Mead is a director of the Centre for Independent Studies (CIS) and Private Healthcare Australia Limited (PHA). Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996–2003) in a range of senior roles. Mr Mead is not a director of any other listed entities and has not held any other directorships of listed entities during the last three years.

Lucinda Brogden AM
BCom, MOrgPsych, MAICD

Ms Brogden was appointed to the board of Australian Unity Limited effective from 8 September 2022. She is a member of the Audit Committee and the Risk & Compliance Committee. Ms Brogden served as a commissioner and chair of the National Mental Health Commission from 2014-2022. She is currently the chair of the Diabetes Research Foundation, a director of Be Kind Sydney, Corporate Mental Health Alliance Australia and the National Film and Sound Archive. Ms Brogden is founder and Patron of the Sydney Women's Fund. Ms Brogden has over 30 years' commercial experience and has held a number of roles including with Macquarie Group and Ernst & Young. She has worked in trusted advisory roles with some of Australia's leading CEOs, managing partners, ministers and chairs in investment banking, finance, law and government. Ms Brogden has not held any other directorships of listed entities in addition to those set out above during the last three years.

Kim Cheater
BEc, CA, FAICD

Kim Cheater was appointed to the board of Australian Unity Limited effective from 1 March 2024. Mr Cheater is an experienced non-executive director. He is currently chair of the South Australian Museum and Alwyndor Aged Care and a non-executive director of RAA Group, RAA Insurance and ReturnToWorkSA. He is also a member of the Advisory Board for Sarah Constructions and for Sarah Group Holdings, a council member of Flinders University and the Independent Chair of the Audit, Risk & Investment Committee for Minda Inc. Mr Cheater is a Fellow of the Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia and New Zealand. Mr Cheater was a partner at PwC for nearly 20 years and former managing partner of the Adelaide Office. He led the Governance, Risk and Cyber Security business of PwC in Adelaide as well as the Financial Services practice. Mr Cheater also led PwC's national Reconciliation Action Plan initiatives. He was appointed by the South Australian Governor as an Ambassador for Aboriginal Employment and recognised as a Distinguished Alumnus by Flinders University for his contribution to business and reconciliation. Mr Cheater has not held any other directorships of listed entities in addition to those set out above during the last three years.

Paul Kirk
BEc, CA, RITA, MAICD

Mr Kirk was appointed to the board of Australian Unity Limited on 1 February 2016. He is a director of a number of Australian Unity Limited subsidiaries and a member of the Investment Committee. Mr Kirk is currently managing director and founder of Collins Pitt Associates and is a director of the Noel & Carmel O'Brien Family Foundation and holds a number of other private company directorships. He is a member of the Investment Advisory Committee of Monash University. Mr Kirk was previously a director of the Melbourne Festival, Worksafe Victoria, Transport Accident Commission, St Kilda Football Club and the Victorian Registration and Qualifications Authority. Prior to this, Mr Kirk held a number of senior positions both overseas and in Australia with the major accountancy firm, PricewaterhouseCoopers, specialising in the area of corporate advice, turnaround and restructuring, profit improvement, M&A, strategic advice, risk and governance, forensic accounting and insolvency management. Following this, Mr Kirk worked for two years as special advisor for Lazard Australia. He has not held any directorships of listed entities in addition to those set out above during the last three years.

Su McCluskey
BComm, FCPA, FTSE, MAICD

Ms McCluskey was appointed to the board of Australian Unity Limited on 1 September 2015. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the Risk & Compliance Committee and a member of the Audit Committee and the People, Culture & Remuneration Committee. Ms McCluskey is a director of the Australasian Pork Research Institute and LiveCorp. Ms McCluskey is also the special representative for Agriculture. She was a member of the Charities Review, the Harper Review of Competition Policy and the Regional Telecommunications Review and a commissioner for the National COVID-19 Commission Advisory Board. Ms McCluskey was previously the CEO of the Regional Australia Institute and the executive director of the Office of Best Practice Regulation. She has held senior positions with the Business Council of Australia, the National Farmers' Federation and the Australian Taxation Office. She is also a beef cattle farmer. Ms McCluskey has not held any directorships of listed entities in addition to those set out above during the last three years.

Dr Helen Nott
BSc (Hons), PhD, FAICD

Dr Nott was appointed to the board of Australian Unity Limited effective from 8 September 2022. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the Audit Committee and a member of the Risk & Compliance Committee. Dr Nott is currently a board member of the New Zealand Accident Compensation Corporation (ACC), and is a director of the QBE Australia Pacific portfolio of entities including QBE Insurance (Australia) Limited, QBE Lenders' Mortgage Insurance Limited and QBE Insurance (International) Pty Limited. She was previously vice president and director of Paralympics Australia Pty Ltd, a director of QBE Life (Australia) Limited and Healthdirect Australia. Dr Nott has extensive experience within the insurance industry, holding a number of senior roles with Insurance Australia Group and QBE Australia and New Zealand. Prior to this, Dr Nott held roles with Booz Allen Hamilton (now PwC Strategy&), PwC Corporate Finance and Recovery and with CSIRO Mathematics and Information Sciences (now Data 61). She specialises in supporting executives and boards with corporate operational strategy and financial governance. Dr Nott has not held any directorships of listed entities in addition to those set out above during the last three years.

Julien Playoust
BSc (Arch), BArch (Hons), MBA, FAICD

Mr Playoust was appointed to the board of Australian Unity Limited on 1 February 2020. He is Chair of the Investment Committee and member of the Audit and Risk & Compliance Committees. He is a director of AEH Group, deputy chairman of the Art Gallery of NSW Foundation and chairman of the Finance Committee, member of the Advisory Board and chairman of the Investment Committee of The Nature Conservancy and a member of the Alumni Leaders Group of the UNSW Business School. Past appointments include: non-executive director of ASX-listed Tatts Group Limited, MCM Entertainment Group Limited, and Australian Renewable Fuels Limited; director of TimeOut Group Australia and Ventura Health and; member of the UNSW Art & Advisory Board, and the National Gallery of Australia Foundation Board. He has worked with AMP, NAB and Accenture. Mr Playoust is a Fellow of the Australian Institute of Company Directors. He holds a Master of Business Administration from UNSW (AGSM), Bachelor of Architecture (First Class Honours) and Bachelor of Science from Sydney University, and a Company Director Course Diploma from the Australian Institute of Company Directors. Mr Playoust has not held any directorships of listed entities in addition to those set out above during the last three years.

Board skills matrix areas	
Strategy and leadership	Extensive leadership experience in publicly listed, APRA-regulated, aged care, mutual or not-for-profit entities; strategic thinking abilities including critical assessment of opportunities and threats, development and implementation of enterprise-wide strategies, and effective challenge of management on strategic objectives.
Commercial	Strong commercial expertise with experience in identifying, negotiating, structuring, assessing and executing mergers and acquisitions, or senior leadership experience within a large and multifaceted organisation with significant operational scope, diverse units and with diverse internal and external stakeholders.
Australian Unity's operating sectors	Experience in the areas that Australian Unity operates, including insurance, retirement communities, residential aged care, home care services, health care, community services, financial services, investments and funds management, and infrastructure and property development. Proficiency in service coordination involving strategic planning and management of efficient systems to coordinate a broad range of services, ensuring timely and quality care for a diverse client base.
Customer and member wellbeing	Comprehensive understanding of digital transformation, artificial intelligence and cyber-security issues. Demonstrated ability to foster a strong, member-focused culture and achieve positive member and consumer outcomes. Additionally, experience in accessing and navigating care services personally, showing empathy, understanding and the capability to optimise quality of care.
People wellbeing	Proficiency in safety management and occupational health, ensuring compliance and fostering a culture of safety. Expertise in setting and communicating corporate culture, motivating key talent, overseeing management and evaluating CEOs and key executives, along with a strong understanding of remuneration practices, legislative frameworks and executive incentive arrangements. Skilled in overseeing large corporate change programs, organisational psychology and in navigating complex organisational dynamics.
Indigenous wellbeing	Proficiency in Indigenous cultures and issues, with expertise in respectful engagement and tailored reconciliation strategies. Ability to build positive relationships with Indigenous communities and championing diversity, equity and inclusion while ensuring accountability in related initiatives.
Financial acumen	High-level financial acumen regarding corporate finance, accounting, reporting and internal financial controls. Expertise in capital markets and funds management, encompassing corporate financing, equity and debt markets and portfolio management for retail and institutional investors. Proficiency in analysing financial statements, assessing investment proposals, overseeing budgets and staying current with regulatory changes and industry trends.
Governance and risk management	Sound knowledge of governance issues, particularly within the APRA-regulated and ASX-listed environment, and the ability to manage legal, compliance and reputational risks. Expertise in risk management frameworks, internal controls and contemporary risk management practices to ensure long-term value delivery.
Regulatory and public policy	Ability to influence public policy development and manage the implications of public and regulatory policy.
Environment and social responsibility	Comprehensive commitment to environmental sustainability and social responsibility. Knowledgeable about environment regulations and sustainability practices, contributing to initiatives that minimise environmental impact, and ability to promote ethical business practices.

Director induction, training and continuing education
Before formally joining the board, prospective directors undertake detailed due diligence and then, once appointed, an induction program is launched. The induction program includes inviting appointees to attend board meetings as an 'observer' before appointment and the provision of broader and more detailed materials than those provided during due diligence, as well as meetings with all GLT members and other senior officers of Australian Unity.

During the year, Kim Cheater was appointed as a director. Mr Cheater attended board and committee meetings before his appointment. The Company also conducted appropriate checks in relation to Mr Cheater's background and experience, including a 'Fit and Proper' assessment under APRA Prudential Standard CPS 520 Fit and Proper. The background checks did not reveal any information of concern.

Australian Unity also has a board training program, which provides the board with professional development opportunities in areas required to execute their roles. The program includes briefing sessions and workshops, conducted by a range of expert stakeholders, on matters such as regulatory change, external risks facing the Company, compliance with key legislation and statutory reporting.

The board has full and free access to the GMD and relevant Australian Unity records, with each director entering a deed of indemnity, insurance and access with the Company.

Board and committee performance
The PC&R Committee regularly assesses the performance of the board and individual non-executive directors at least annually. Every three years, this assessment is conducted by an independent third party.
In 2023, the board engaged an independent third party to perform a comprehensive review of the board's performance including its committees. As part of the board's commitment to continuous improvement, opportunities to enhance operations were identified which have been incorporated into the board's governance agenda.

Additionally, the board has engaged an external consultant to provide ongoing coaching to board members, aiming to refine performance within the board and its interactions with the GLT.

In the years where an independent third party is not engaged to conduct a performance assessment, the performance of the board, each committee and individual directors is evaluated through self-assessment. This process utilises a variety of tools, including questionnaires, workshops and interviews of committee members.

Further details on the performance assessment process are outlined in the Board Renewal and Evaluations Policy, available on our website.

Nominations matters
The board, in collaboration with the PC&R Committee, oversees board renewal and nominations matters.
The PC&R Committee assists the board in accordance with the Board Renewal and Evaluations Policy, which involves, amongst other things, reviewing the board's composition and considering board renewal at least annually.
Both the board and the PC&R Committee are majority independent directors and have an independent chairperson.

Further details about Australian Unity's objectives of board renewal, considerations and appointments can be found in the Board Renewal and Evaluations Policy, available on our website.

Board committees
Each board committee comprises a majority of independent non-executive directors of the board and is chaired by an independent non-executive director (other than the Chair of the board).

The experience of the members of each of the committees is outlined on pages 12 to 13.

Each board committee has a charter which is available on our website.

Impact report

Since 2021, Australian Unity has published an annual stand-alone sustainability report called Our Impact (Impact Report), detailing its performance against environmental, social and governance (ESG) criteria. In 2024 the report will focus on the company's Community & Social Value (CSV) framework and social impact value calculation.

Australian Unity's external auditor provides an 'Independent Limited Assurance Report' in relation to the Impact Report and CSV framework, a copy of which is provided in the report.

A copy of the latest Impact Report and information around Australian Unity's CSV framework can be found at: **australianunity.com.au/impact.**

Board Committee	Key responsibilities	Members as at year end
Risk & Compliance Committee	Assisting with and, where necessary, making recommendations to the board on: • Australian Unity's Enterprise Risk Management Framework (ERMF) and Risk Appetite Statement (RAS), and associated policies • Australian Unity's Compliance Management Framework and associated policies • Australian Unity's clinical governance frameworks • Australian Unity's exposure to key risks, including environmental and social risks, alongside recommendations to manage such risks • specific risk and compliance matters, such as health and safety, whistleblower protection, modern slavery, operational resilience and anti-money laundering and counter-terrorism financing, and • Australian Unity's operational structure to ensure that it facilitates effective risk-management.	Su McCluskey (Chair) Dr Helen Nott Julien Playoust Lisa Chung AM Lucinda Brogden AM Melinda Cilento Kim Cheater
Audit Committee	Assisting with and, where necessary, making recommendations to the board on Australian Unity's: • accounting policies and statutory and financial reporting processes, including the assessment of financial information • operational structure in relation to accountability measures and internal controls • annual and half-year financial statements • community and social value framework, and • audit processes, including the review of the terms of engagement and the performance and results of internal and external audits.	Dr Helen Nott (Chair) Julien Playoust Lisa Chung AM Lucinda Brogden AM Su McCluskey Kim Cheater
People, Culture & Remuneration Committee	Assisting with and, where necessary, making recommendations to the board on: • Australian Unity's organisational culture strategies and programs, concerning leadership, employee engagement, diversity and ethical business practice and risk culture • Australian Unity's Remuneration Policy and its application, effectiveness and compliance with applicable legislative and regulatory standards • nominations matters, including Australian Unity's strategy in relation to board/senior management succession planning and the appointment process of non-executive directors or candidates for the board election • the remuneration of the GMD, direct reports of the GMD and other persons who, in the PC&R Committee and the board's opinion, may affect Australian Unity's financial soundness or as otherwise required by regulatory bodies, and • Australian Unity's performance measures and targets, including the performance assessment of individual and collective senior management as well as individual directors and the collective board and board committees.	Melinda Cilento (Chair) Lisa Chung AM Su McCluskey
Investment Committee	Assisting the board by providing challenge, oversight and guidance to management regarding: • investment management activities in relation to Australian Unity's Investable Assets and Assets Under Management, including consideration of management reports and monitoring investment performance • delegations granted by the board as relevant to the investment management function • investment management function's approach to supporting the Australian Unity Group effectively satisfying its various fiduciary obligations and licensing requirements, and • in conjunction with the R&C Committee, provide oversight of market and investment risk.	Julien Playoust (Chair) Lisa Chung AM Melinda Cilento Paul Kirk Rohan Mead William Whitford*

*Note: William Whitford is an external appointee.

Our values and culture

We recognise that responsible decision making, transparency and accountability in our governance practices are critical to fostering trust, ethical behaviour and societal impact. Our values of being **bold**, **warm** and **honest** in what we do, encapsulate how Australian Unity makes decisions, fulfils its purpose and meets its goals and guide how we relate to members, customers, communities, stakeholders and each other.

Our values are reflected in our Code of Conduct, which sets out our moral and ethical standards and requires our directors, employees, contractors and consultants to behave ethically and with integrity in their dealings with stakeholders and each other.

Bold	We think big, think it through, have a go, do it well and keep learning.
Warm	We care about people, welcome difference, inspire each other, understand our customers and make people smile.
Honest	We talk straight, do what we say, earn trust, take responsibility and strive to do what's right.

A positive culture is fundamental to good governance and the board plays a crucial role in setting the right 'tone from the top'. To form their own view on our corporate culture, our board steps outside the board room to observe how the organisation's ethics and behaviours align with our values and goals. For instance, during the year, various directors:

- held several 'coffee with directors' sessions with employees from across the Group to hear first-hand what is on their minds
- conducted individual 'skip' meetings with the Group Leadership Team to hear their perspectives on Group performance
- heard directly from our Group Leadership Team who attended monthly board meetings to provide direct viewpoints and raise any concerns directly with the board and understand the board's expectations first-hand
- received presentations from and engaged directly with our extended senior leadership at the annual board strategy summit
- attended a number of sites across our business, spending time with our employees and customers such as The Alba Care Suites, our Walmsley Retirement Community, our Eastgardens Home Care branch, St Lukes Green Aged Care and the Herston Quarter redevelopment.

Risk culture

We are committed to fostering a strong risk culture throughout Australian Unity. We believe that by continuously improving and evolving our risk culture, we can better protect the interests of our customers, employees and stakeholders while fostering a culture of responsible risk management across the Group.

This year we have made important changes to formalise our approach to the assessment and continuous improvement of risk culture. Some of the key achievements are shown below. We have:

- developed a board-approved Risk Culture Framework, consisting of a risk culture model capturing the key attributes of a positive risk culture; a maturity scale to support assessment of our culture; and development of an action plan for the next year and beyond
- further enhanced our risk culture measures to include a broader range of data and new risk-culture-aligned questions in team member surveys
- provided reporting to help People Leaders assess risk culture for their team members as part of the annual performance assessment process, and
- continued to communicate with our people consistently about the importance of reporting incidents, sharing bad news quickly and utilising the whistleblower process.

Group Leadership Team

The GMD, with support from the GLT, manages Australian Unity's day-to-day operations. The biographical details of each GLT member as at year end can be found on pages 18 to 19. Not all GLT members are considered key management personnel (KMP). For those GLT members that are KMP, an overview of their compensation program and remuneration during the year under review is outlined in the Remuneration Report. Australian Unity has a written agreement with each GLT member outlining the terms of their appointment, and appropriate checks are undertaken prior to and throughout appointment to ensure that the GLT member has the pertinent skills and expertise and is fit and proper for their relevant role.

The review and assessment of performance of the GMD's direct reports is undertaken each year by the GMD with input by the board. The review and assessment of the GMD's performance is undertaken by the board. Each member of the GLT has had their performance reviewed in accordance with this process as at year end. Similar to the board, the GLT are provided with ongoing training opportunities.

Group Leadership Team

Rohan Mead

Group Managing Director & CEO

Mr Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of most subsidiary boards and several committees. Mr Mead is chair of the Business Council of Co-Operatives and Mutuals Limited (BCCM). He is also chair of the Business Council of Australia's Health and Care Economy Committee and a member of its Indigenous Engagement Committee. Mr Mead is a director of the Centre for Independent Studies (CIS) and Private Healthcare Australia Limited (PHA). Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996–2003) in a range of senior roles.

Prue Bowden

BA, MEmpLabRelLaw, GAICD

Group Executive–Home Health

Ms Bowden joined Australian Unity in February 2017. Ms Bowden led the Group's transformation agenda to reshape the enterprise operating model, putting the customer front and centre and driving new and more efficient ways of working. In September 2018, Ms Bowden was appointed to Group Executive—People & Culture. She was responsible for leading the Group's people function including culture and capability, performance and remuneration, workplace health and safety, shared services and internal communications. Ms Bowden also led the Group's inclusion and diversity, workplace giving and employee wellbeing strategy. In July 2022, Ms Bowden became the Group Executive—Home Health, our integrated healthcare company to support Australians to live and age well at home. Prior to joining Australian Unity, Ms Bowden was the director of People Solutions Group Pty Ltd, a boutique consulting firm focused on operating model design and transformational change. Ms Bowden brings to Australian Unity diverse industry experience, having successfully led and supported people functions in complex, commercial environments in banking, insurance, media and healthcare. Previous clients and employers include News Limited, Suncorp, ANZ and Ramsay Health Care.

Dean Chesterman

BBus

Group Executive–
People & Culture

Mr Chesterman joined Australian Unity in June 2012. Mr Chesterman undertook senior roles in the People & Culture function before transitioning into a commercial role as General Manager for Branch Operations for almost five years. Mr Chesterman was also acting Executive General Manager for Home and Disability Services for a year during that time. In 2022, Mr Chesterman was appointed as the Group Executive—People & Culture. Prior to Australian Unity, Mr Chesterman held multiple senior roles with KPMG across People & Culture and Strategy. Mr Chesterman has a Bachelor of Business from Queensland University of Technology.

Mark Gay

MEI, GAICD

Group Executive–Technology

Mr Gay joined Australian Unity in 2022 with over 25 years of experience in global roles, spanning banking and financial services, logistics and education. His expertise includes digital transformation, technology strategy, enterprise architecture, program delivery and strategic outsourcing. Previously he was the chief information officer with QBE, the chief digital officer with BetEasy and chief information officer with ME Bank. He also had six years in senior technology roles with GE Capital. Mr Gay holds a Masters of entrepreneurship and innovation from Swinburne University of Technology and was named Finance CIO of the year in 2017 in the iTnews Benchmark Awards.

Group Leadership Team

Melinda Honig
BEcon, LLB, GAICD

Group Executive—Governance, General Counsel, Company Secretary and Chief Risk Officer

Ms Honig joined Australian Unity in February 2016. In her role as Group Executive—Governance, Ms Honig is responsible for managing the Group's legal, compliance, risk, and secretariat function. She is also secretary for all Group subsidiary boards. Prior to joining Australian Unity, Ms Honig worked for GE for 15 years, five of those years with GE Capital in the role of general counsel, overseeing the provision of legal services to GE Capital's commercial finance, consumer finance and insurance businesses in Australia and New Zealand. Ms Honig brings to Australian Unity her executive experience in legal, compliance and company secretary functions and has worked abroad as Counsel for GE Indonesia, in operations which included transportation, energy and GE Capital. Prior to joining GE, Ms Honig was at KPMG for five years and undertook her legal training in tax at KPMG.

Esther Kerr
BEc, BAsian Studies (Specialist), GAICD

Group Executive–Wealth & Capital Markets

Ms Kerr joined Australian Unity in September 2017 and is the Group Executive—Wealth & Capital Markets for the Australian Unity Group. She is responsible for all of Australian Unity's social infrastructure, financial services and investment activities, spanning investment management, trustee services, life investment bonds, as well as the Group's property, development and capital market activities. Ms Kerr is a board member of many of its operating entities, and in April 2024, she was appointed to the Financial Services Council (FSC) Board and is a member of the FSC Standards Oversight & Disciplinary Board Committee. Prior to joining Australian Unity in September 2017, Ms Kerr's experience covered financial services, infrastructure and human services design and delivery.

Darren Mann
BCom, CA

Group Executive–Finance & Strategy and Chief Financial Officer

Mr Mann joined Australian Unity in April 2012. He is currently the Group Executive—Finance & Strategy and Chief Financial Officer, having previously been the Deputy Head of Finance and Group Treasurer. Mr Mann has oversight of the Group's statutory, management and tax reporting along with strategy, treasury and capital management. Mr Mann also has oversight of the Residential Aged Care business. Prior to joining Australian Unity, Mr Mann worked in the United Kingdom for ten years on large-scale migration projects for Lloyds TSB, Royal Bank of Scotland and Merrill Lynch Investment Managers. Mr Mann commenced his professional career, becoming a chartered accountant while working at KPMG Melbourne and also Foster's Group Limited. Mr Mann has completed the Harvard Business School Advanced Management Program.

Rebecca Windsor
BCom, DipFP, GAICD

Group Executive—Health Insurance

Ms Windsor joined Australian Unity in July 2002, undertaking several senior roles spanning governance, commercial operations, strategy and advocacy across the Group's financial services, health insurance and group operations. In 2022, Ms Windsor was appointed to the role of EGM—Health Insurance, overseeing the health insurance business, and more recently to the role of Group Executive—Health Insurance in 2024. Ms Windsor is a passionate advocate on health reform, focusing on enhancing affordability, ensuring sector sustainability and strengthening the health system for Australian Unity's members. Prior to Australian Unity, Ms Windsor held roles in financial services. Ms Windsor has a Bachelor of Commerce and a Diploma of Financial Planning.

Christine Yates was Group Executive–Retail until 18 March 2024. David Lumb was Group Executive–Specialist Care until 1 January 2024.

Company Secretary

As at year end, Melinda Honig and Catherine Visentin were Company Secretaries of the Company.
The Company Secretary is accountable to the board, through the Chair, for matters relating to the proper functioning of the board. The board has full access to the Company Secretary, and an overview of the roles and responsibilities of the Company Secretary is provided in the Board Charter.

Remuneration

Australian Unity recognises that remuneration is important for attracting and retaining high-quality employees and is also a key driver of culture. Australian Unity's Remuneration Policy, which is approved by the board on the advice of the PC&R Committee, sets the framework for rewarding Australian Unity's directors, officers and employees who pursue the growth and success of Australian Unity in line with our values and risk appetite.

The GLT's remuneration comprises both fixed and variable components, including short-term and long-term variable compensation. The structure seeks to ensure a balance between individual compensation and Australian Unity's long-term sustainability, while also meeting applicable regulatory expectations.

The short-term variable compensation program (provided as cash) operates on an annual basis with each GLT member being eligible to receive up to a percentage of their fixed compensation as additional compensation where both individual and Group financial and non-financial performance goals are met.

The long-term variable compensation program (provided as rights to mutual capital instruments (MCI)) also operates on an annual basis with eligible employees receiving an invitation to participate. The board determines the award quantum under the program with participants receiving rights over MCIs, which vest after four years, subject to the employee remaining employed with Australian Unity and other relevant conditions being met.

Under the Remuneration Policy and compliant with relevant legislative and regulatory requirements, employees are prohibited from hedging any rights to MCIs granted to them or limiting the exposure to the economic risk relating to unvested MCIs, ensuring alignment of the interests of nominated executives with the interests of our members and Australian Unity's sustainable performance.

The board has the discretion to decide that an individual's variable compensation for current or prior years is reduced to zero or subject to malus or clawback, with such determinations being made if the individual has failed to comply with their accountabilities.

The Company's non-executive directors are paid a fee for their services, with the aggregate fees paid to non-executive directors remaining within the annual sum last approved by members at an AGM (as outlined in Rule 4.14 of the Company's constitution).

Further information about the remuneration arrangements of Australian Unity's KMP including non-executive directors is outlined in the Remuneration Report.

Key policies

The following key policies can be found on our website:

Policy	Summary	Key provisions
Code of Conduct	The Code of Conduct sets out Australian Unity's moral and ethical standards and provides the core values that guide the behaviour of directors, employees, contractors, consultants and volunteers in a way that's beneficial for our members, our customers, our people and Australian Unity as a whole. The R&C Committee are informed of any material breaches of the Code of Conduct. All new employees are required to undertake training and existing employees complete an annual attestation that they understand their obligations and responsibilities under the Code of Conduct.	Requires directors, employees, contractors, consultants and volunteers to behave ethically and with integrity in a manner that: • complies with legislative and regulatory directions, including internal policies • aligns with Australian Unity's core values of bold, warm and honest • promotes health, safety and wellbeing • fosters a respectful culture which accords with professional standards • protects confidential information and privacy • encourages individuals to 'speak up' if they see something that is not right, and • respects cultural, gender and religious differences.

Policy	Summary	Key provisions
Whistleblower Protection Policy	The Whistleblower Protection Policy represents Australian Unity's commitment to establishing a culture of honesty and openness. It establishes what is reportable conduct, the protections available to whistleblowers and the process of disclosure that ensures fair, efficient and independent resolutions. The R&C Committee receives high-level numbers and themes of whistleblower incidents, and the Audit Committee receives reporting on the outcomes of whistleblower investigations. The outcome of any investigations may also be referred to the board or other board committees. All employees receive information relating to the Whistleblower Protection Policy and processes as part of the Code of Conduct training.	Sets out the following key information: • eligible whistleblowers, including employees, directors, officers and suppliers • reportable conduct which a whistleblower suspects is fraudulent, illegal, dangerous, abusive or unethical • protections available to whistleblowers, including anonymity, liability immunity and compensation entitlements, and • processes for effecting disclosure, including key roles and responsibilities.
Continuous Disclosure and External Communications Policy	The Continuous Disclosure and External Communications Policy ensures the Company's compliance with its continuous disclosure obligations as an ASX-listed entity. This policy provides a mechanism for the Company to consider and announce matters that may have a material effect on the price of its securities (Price Sensitive Information).	Sets out the following key information: • Australian Unity's obligation to notify the ASX of any Price Sensitive Information • the processes to determine if information is Price Sensitive Information • exceptions to disclosure • processes for effecting disclosure, including key roles and responsibilities, and • protocols on internal and external communications regarding Price Sensitive Information.
Anti-Bribery Fraud and Corruption Policy	The Anti-Bribery Fraud and Corruption Policy outlines Australian Unity's zero tolerance to bribery, fraud and corruption. It ensures that directors, employees and officers conduct business with high standards of honesty and integrity. The Audit Committee is informed of any material breaches of the Anti-Bribery Fraud and Corruption Policy. All employees are alerted to the requirements of the Anti-Bribery Fraud and Corruption Policy as part of the Code of Conduct training.	Requires directors, officers, employees, consultants and contractors to: • not offer or accept payments, secret commissions or gifts which are improper and/or could lead to an actual or perceived conflict of interest • not engage in corrupt business practices • not obtain an advantage by way of dishonest or fraudulent conduct, and • ensure records of dealings with third parties and any expenditures are maintained.
Welcoming Difference Policy	The Welcoming Difference Policy represents Australian Unity's commitment to supporting and celebrating a diverse and inclusive workplace. It ensures that directors, employees and officers engage in discrimination-free, equal opportunity and respectful dealings in the conduct of business, including candidate selection.	Sets out the following key information: • diversity areas • key roles and responsibilities in effecting compliance, and • employee diversity data monitoring and reporting methods.

Financial reporting

The preparation of our full-year and half-year statutory accounts is overseen by the Audit Committee, audited by our external audit firm (KPMG), and ultimately approved by the board.

Pursuant to section 295A of the *Corporations Act 2001 (Cth)* (Act), the board received a declaration from the Chief Executive Officer and the Chief Financial Officer for both the 2023 and 2024 full year financial reports, attesting to the matters required by the Act. The board received a declaration analogous to a section 295A declaration for the half-year 2024 financial reports.

Annual General Meeting (AGM), investor presentations and member engagement

Australian Unity holds an AGM in October each year, with the 2023 AGM held on 25 October 2023. The Chair generally calls a poll for items considered at the meeting. Australian Unity's Notice of AGM clearly outlines how members can participate at the AGM, with options including attending the AGM in person, submitting questions to Australian Unity's member team, direct voting prior to the event or appointing a proxy. Australian Unity's 2023 AGM was held in-person and streamed online, with online participants being able to view but not otherwise participate in proceedings. The GMD and Chair's AGM presentations are published via the ASX and on Australian Unity's website before the start of the meeting. Australian Unity's members can nominate to receive communications, such as notices of meetings and annual reports, electronically.

Australian Unity delivers investor presentations after the release of its half-year and full-year results, with the presentation invites (with dial-in details) and materials being published via the ASX and on Australian Unity's website before the presentation.

Australian Unity's member team organises member events, such as the AGM, and are available to assist with member queries.

Audit

External audit

KPMG (External Auditor) has been appointed to conduct an audit of the Financial Report and to report to members in accordance with the requirements set out in the Act for the year under review. KPMG's Auditor's Report is provided at the end of the Financial Report.

A representative from the External Auditor attends Australian Unity's AGM each year to answer any questions from members on the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted in the preparation of the financial statements and their independence in relation to the conduct of the audit of Australian Unity's financial statements.

Internal audit

Australian Unity has an internal audit team (Group Audit) with the purpose of providing independent and objective assurance and consulting services to Australian Unity's operations. Group Audit assesses whether Australian Unity's network of risk management, control and governance processes are adequate and functioning in a manner that supports various aims, including: the appropriate identification, reporting and management of risks; the accuracy, reliability and relevance of financial, managerial and operating information; and the compliance of employees' actions with policies, standards, procedures and applicable laws and regulations.

Group Audit is led by the Chief of Audit, who is supported by a team of appropriately qualified internal auditors and data analysts. Group Audit is governed by the Group Audit Charter, which outlines the team's mission and scope of work. To ensure independence, Group Audit is accountable to the Audit Committee and reports functionally to the Chair of the Audit Committee.

Group Audit has unrestricted access to the board and all of Australian Unity's records, property and personnel. Group Audit's methodology conforms to the International Standards for the Professional Practice of Internal Auditing.

Risk management

Australian Unity seeks to identify, manage and mitigate risk throughout its business. A positive risk culture and the implementation of and adherence to effective risk management frameworks and practices are core areas of focus for Australian Unity and the board.

The board is responsible for setting and monitoring Australian Unity's Enterprise Risk Management Framework (ERMF)—the systems, structures, policies, processes and people that identify, assess, mitigate and monitor risks that could have a material impact on Australian Unity's operations. The board is responsible for setting the risk appetite within which management is expected to operate and for establishing Australian Unity's Risk Management Strategy, which defines Australian Unity's key risk areas and how they are managed.

The underpinning processes of the ERMF are consistent with the principles of the Australian Standard (AS/NZS ISO 31000) and APRA Prudential Standard CPS 220 Risk Management.

Australian Unity's businesses regularly review risks and develop treatment plans to manage these risks to within risk appetites. Risk profiles are regularly reviewed and higher-rated risks are reported to the R&C Committee quarterly. The R&C Committee also receives reporting on emerging risks and risk mitigation strategies (including their implementation status).

Business-related proposals to be considered by the board require the identification and assessment of key risks and plans to treat these risks. Project risk registers are maintained, and any potential risks delivered to business operations are tracked, treated or accepted in line with risk appetite.

Policies and processes are in place to manage specific areas of risk, such as capital management, business continuity, information security and the management of incidents and compliance obligations. Australian Unity's risks are also managed by the purchase of appropriate insurances.

Australian Unity's ERMF and RAS are reviewed regularly to reflect an evolving approach to risk management, ensure the risk appetite settings remains appropriate, facilitate consistent management of risk across the business and allow the R&C Committee and the board to satisfy itself that the program remains effective. The ERMF and RAS were last reviewed in May 2024. Compliance with and effectiveness of the ERMF is also reviewed annually by Group Audit, and it is comprehensively reviewed every three years by qualified independent consultants.

A summary of Australian Unity's material risks is outlined in the Directors' Report.

Tax transparency

The Company is the head of Australian Unity's Tax Consolidated Group and is a signatory to the Board of Taxation's Register in respect of the Voluntary Tax Transparency Code (Tax Transparency Code). The Tax Transparency Code supports greater tax disclosure in Australia and reflects Australian Unity's commitment to compliance and governance.

At the end of each financial year, the Company publishes its approach to tax strategy and details of the tax contributions made during the year.

In accordance with the new corporate tax transparency requirements, the Company has incorporated the updated disclosure of subsidiaries, focusing on tax residency in its financial statements for the year ended 30 June 2024. This approach ensures that the Company meets the updated disclosure obligations required for public companies.

A copy of Australian Unity's 2024 Tax Transparency Report can be found on our website.

Diversity and inclusion

Australian Unity is committed to building an inclusive and diverse workplace which reflects and is relevant to the communities in which we operate. We recognise the value of harnessing the unique capabilities and perspectives of all people, including those from First Nations, multicultural and diverse communities. Australian Unity's Welcoming Difference Policy outlines Australian Unity's policy position on diversity and inclusion, with the policy being supported by the Our Inclusive and Diverse Workplace Standard and Our Equal Opportunity Workplace Standard. Our Welcoming Difference Policy and Our Inclusive and Diverse Workplace Standard are available on our website.

From a gender perspective, the Welcoming Difference Policy outlines Australian Unity's aim to achieve a meaningful balance of women across all levels of the organisation, with gender pay parity and compensation practices being consistently reviewed to screen for gender bias in decision-making. Additionally, the Our Equal Opportunity Workplace Standard outlines Australian Unity's focus on achieving a critical mass of women across all levels of management, with critical mass being defined as commencing at approximately 25 percent.

As at year end, Australian Unity had 9,563 employees after the acquisition of *myHomecare Group* (MHC) added 1,577 additional employees. Not including MHC employees, Australian Unity had 7,986 employees (FY2023: 7,657).

Two of the Company's subsidiaries are 'relevant employers' under the *Workplace Gender Equality Act 2012* (Cth) (WGEA), being Australian Unity Group Services Pty Ltd (AUGS) and Australian Unity Care Services Pty Ltd (AUCS). AUGS' latest WGEA report is available on our website.

In Australian Unity's latest WGEA report, as at 29 February 2024 and prior to the MHC acquisition, 80 percent of employees were women, which is consistent with FY2023 (FY2023: 80%). Other key statistics on Australian Unity's gender balance as at that date are as follows:

- the Group Leadership Team is gender balanced (50 percent female: 50 percent male) (FY2023: 44% female)
- the Australian Unity Limited board is skewed to higher female representation (62.5 percent female)* with a female representing both the Chair and Deputy Chair roles (FY2023: 62.5%)
- 46 percent of Australian Unity's senior leaders are women. Senior leaders include those who are Band 8 to 10 senior management and executive employees (FY2023: 43%).

* Following the appointment of Kim Cheater as a director on 1 March 2024, 55.5 percent of board directors are female.

All new and existing employees undertake diversity and inclusion training including a dedicated module on Reconciliation.

We are committed to implementing our endorsed Stretch Reconciliation Action Plan and delivering on three core areas—cultural learning, meaningful careers and business support and growth. Our meaningful careers focus area seeks to create meaningful careers for Aboriginal and Torres Strait Islander people across the entire organisation. We are moving the dial on the proportion of Australian Unity's permanent workforce (prior to the MHC acquisition) that identifies as Aboriginal and Torres Strait Islander with 5.3% as at year end, a 0.3% increase from the prior year (FY2023: 5.0%). Of these employees, 91% are women, and 13.7% are in positions of influence or leadership by managing direct reports (FY2023: 11.9%).

5.3%

of our workforce identify as Aboriginal and Torres Strait Islander

91%

of our Aboriginal and Torres Strait Islander workforce are women

13.7%

of our Aboriginal and Torres Strait Islander workforce are people leaders

Summary

As a wellbeing company, Australian Unity is focused on its members, customers and the broader community and helping people thrive. Australian Unity is proud of its strong social focus and presence—built on the foundations of corporate governance and sound risk management practices, which are a fundamental part of Australian Unity's organisational culture and fabric.

Environment

As we strive to be Australia's most trusted wellbeing company, we are committed to having a positive impact on our members, customers and community. This extends to understanding, managing and actively reducing our environmental impact—both now and for future generations.

Meeting our future environmental sustainability reporting requirements

As we anticipate forthcoming regulatory changes, Australian Unity is taking proactive steps to align with the Australian Government's proposed climate-related financial disclosures (CRFD) framework, expected to apply from FY2026. In preparation for these anticipated reporting obligations, we have undertaken several key initiatives:

- **Greenhouse Gas (GHG) emissions estimate:**
  We have established a framework for measuring and reporting our GHG emissions, based on the Greenhouse Gas Protocol. We continue to explore opportunities to enhance data capture processes, ensuring the completeness and accuracy of our GHG emissions calculations. On the following page, we outline our estimated scope 1 and scope 2 emissions for FY2024
- **Assurance readiness:**
  To support our future engagement in external limited assurance of our emissions estimates, we obtained an external 'assurance readiness' assessment of our GHG emissions framework. Further details about this assessment can be found on the following page
- **Energy services engagement:**
  We have engaged an energy services advisor to assist not only with the procurement of energy across our Group but also to provide a reporting platform. This platform will assist with the collection and collation of emissions data and help identify initiatives to further reduce our emissions
- **Environmental, Social and Governance (ESG) Forum:**
  Established in FY2023, our ESG Forum serves as the central body for overseeing and coordinating our sustainability initiatives. Reporting to the Group's Risk & Compliance Executive Committee, it is responsible for setting sustainability governance and reporting standards, implementing a Group-wide ESG and Sustainability Policy, endorsing ESG goals and frameworks, and overseeing ESG measurement, reporting, and sustainability-related targets
- **Climate risk assessments:**
  We have completed risk workshops to evaluate climate-related risks and opportunities across our business, conducted in accordance with our Enterprise Risk Management Framework. This process involves identifying physical and transition risks, assessing their impact on our business and strategy, and evaluating our resilience. Our goal is to pinpoint the most material risks and develop effective management strategies.

What are scope 1, 2 and 3 emissions?

Scope 1 emissions are greenhouse gas (GHG) emissions that are released to the atmosphere as a direct result of an activity, or series of activities (also known as 'direct emissions').

Scope 2 greenhouse gas emissions are the emissions released to the atmosphere from the indirect consumption of an energy ('indirect emissions').

Scope 3 relate to indirect greenhouse gas emissions other than scope 2 emissions that are generated within our value chain, for example, by suppliers, customers and investee organisations ('financed emissions').

Source: Clean Energy Regulator: https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data/emissions

	Corporate Functions	Home Health	Residential aged care	Retirement communities	Total
Scope 1					
Mobile combustion	n/a	772	n/a	n/a	772
Stationary combustion	52	1	1,058	109	1,220
Fugitive emissions			n/a		
Scope 2					
Purchased electricity	942	542	8,563	2,595	12,642
Total emmisions	**994**	**1,315**	**9,621**	**2,704**	**14,634**

For more information on how we have calculated our emissions estimates, organisational boundary, methodology and data capture processes, please see our GHG Inventory Report available on our website at **www.australianunity.com.au/about-us/our-impact/environment**

A step forward: estimating our FY2024 scope 1 and scope 2 GHG emissions

This year, we've taken a positive step to reducing our environmental impact – by estimating our FY2024 scope 1 and scope 2 GHG emissions.

Using our GHG emissions framework (based on the Greenhouse Gas Protocol), we estimated our FY2024 emissions footprint in the table above, expressed as tonnes of CO2 equivalent emissions.

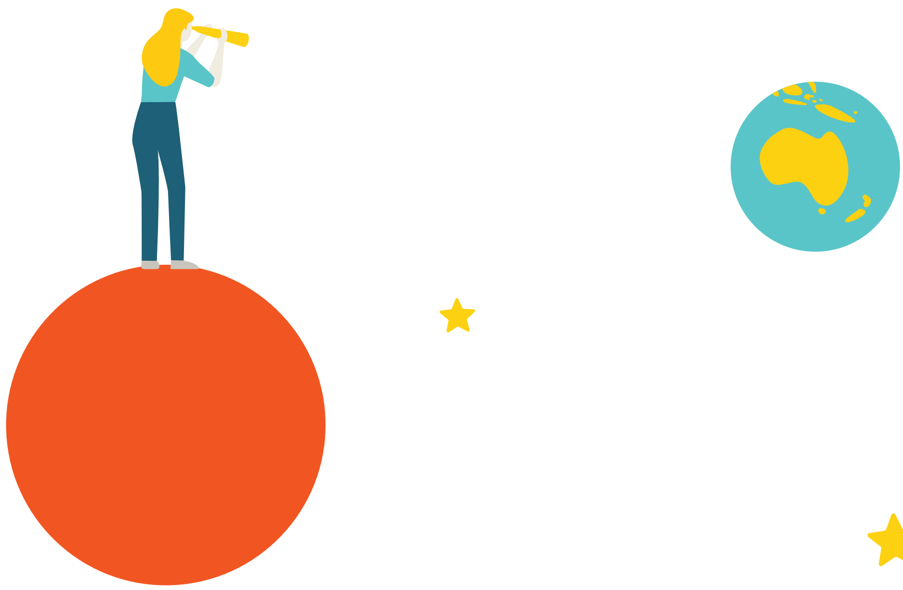
We engaged KPMG to check whether conditions are present to conduct a future assurance engagement over our scope 1 and 2 GHG emissions. The purpose of this engagement is not to provide assurance on the information nor guarantee an unmodified assurance conclusion in the future. Its purpose is to determine whether the subject matter and criteria is appropriate, and whether we have objective documentation to support our emissions for a future assurance engagement.

We have considered the findings reported to us and are working to address them and we intend to seek limited assurance conclusion over our FY25 GHG emissions inventory.

Further work is ongoing to identify and address 'data gaps' across the organisation, with the goal of enhancing the completeness and accuracy of our emissions estimates. Our aim is to obtain external limited assurance for our scope 1 and 2 emissions estimates in FY2025.

Scope 3 emissions

We have conducted an initial review of our scope 3 emissions to identify the areas of our operations that have the most significant impact on emissions generated throughout our supply chain. Having identified these preliminary emissions 'hotspots', we are now focused on capturing more comprehensive data in these areas. This will enable us to explore and implement effective strategies to address and reduce those emissions.



Directors' report

The directors present their report on the consolidated entity (referred to hereafter as Australian Unity or the Group) consisting of Australian Unity Limited (Parent entity or Company) and the entities it controlled at the end of, or during, the year ended 30 June 2024 and the report of the auditor thereon.

Directors

The following persons were directors of Australian Unity Limited during the financial year and up to the date of this report (unless otherwise stated):

Lisa Chung, Chair

Melinda Cilento, Deputy Chair

Rohan Mead, Group Managing Director & CEO

Lucinda Brogden, Non-executive Director

Kim Cheater, Non-executive Director (appointed 1 March 2024)

Paul Kirk, Non-executive Director

Su McCluskey, Non-executive Director

Helen Nott, Non-executive Director

Julien Playoust, Non-executive Director

Company secretaries

Melinda Honig and Catherine Visentin were company secretaries of Australian Unity Limited at 30 June 2024.

Principal activities

During the year, the Group's principal continuing activities involved providing a range of products and services to support the health, wealth and care needs of its members and customers. These activities included offering health and life insurance, investments, banking and loan facilities, estate administration, home care and health services, as well as residential aged care and retirement living facilities. The Group focused on delivering these products and services in a sustainable manner to address the needs of its members, customers, and the broader community. During the year the group divested its Financial Advice business.

Dividends

Dividends paid to the holders of Australian Unity Mutual Capital Instruments (MCI) during the financial year were as follows:

	2024 $'000	2023 $'000
Dividend for the 2024 financial year of $2.5068 per MCI paid on 15 April 2024	8,608	-
Dividend for the 2024 financial year of $2.5068 per MCI paid on 16 October 2023	8,608	-
Dividend for the 2023 financial year of $2.4932 per MCI paid on 17 April 2023	-	8,562
Dividend for the 2023 financial year of $2.5068 per MCI paid on 17 October 2022	-	8,608
	17,216	17,170

Operating and financial review

In the year to 30 June 2024, the Australian Unity Group reported Adjusted EBITDA[1] of $75.8 million and a statutory loss after tax of $22.7 million. This result included significant costs related to material acquisitions and integration, business transformation and internal restructuring which are consistent with the Group's trading update published on 3 June 2024.

This activity is planned to enhance financial sustainability and recurring cash profits over the medium term, while maximising Community and Social Value (CSV) contributions over the long term.

In the context of these significant changes, the Group increased total revenue and other income by $419.9 million to $2,173.0 million (30 June 2023: $1,753.1 million[2]). Insurance revenue remained steady, while other revenue and other income from operating businesses grew by $231.9 million. Investment earnings were $12.5 million above the prior corresponding period and benefit fund income was $174.9 million higher.

Total expenses, excluding financing costs, increased by $388.5 million to $2,038.6 million (30 June 2023: $1,650.1 million[2]). Employee costs were up $126.5 million, client care costs were $77.8 million higher, banking operation interest expenses were up $21.3 million, while gross health insurance claims were $19.2 million higher. Benefit fund expenses increased by $115.0 million.

During the year the Group allocated approximately $43.8 million to business model transformation and integration programs. This had an adverse impact on financial performance for the year, while being an important adjustment in support of more efficient and scalable growth, as well as improved cash earnings for future periods.

The year under review also included significant divestment and acquisition activities. The Group sold certain commercial property and fixed interest funds management operations, along with the Advice business. The Group acquired Insignia Financial Ltd's investment bonds business, *IOOF Ltd* (now *Australian Unity Life Bonds Limited* – AULBL) and the *myHomecare Group* (MHC). More than $6.9 million in transaction costs were associated with these initiatives.

The Group acquired approximately $419 million of ongoing, annualised revenue through the acquisition of *MHC* and *IOOF Ltd* (now AULBL) and divested approximately $81 million of annualised revenue through the sale of the Group's Advice business.

Summary of financial performance - Australian Unity Group

	Year to 30 June 2024 $million	Year to 30 June 2023 (restated)[2] $million	Variance %
Revenue and other income	2,173.0	1,753.1	24.0
Expenses excluding finance costs	(2,038.6)	(1,650.1)	(23.5)
Adjusted EBITDA[1]	75.8	93.1	(18.6)
Operating profit	109.7	90.6	21.2
Net profit/(loss) after income tax	(22.7)	7.6	n/a

Included in the profit after tax result was a profit from discontinued operations of $0.5 million. Excluding this impact, the Group's result for the period from continuing operations was a loss after tax of $23.3 million (30 June 2023: $18.4 million profit)[2].

The business model transformation agenda undertaken in the year under review, continues in the current financial year–along with the integration of AULBL and MHC. Together, these activities are planned to support the return to higher levels of financial performance with an improved mix of future earnings.

Over the financial year, the Group also undertook a successful range of capital management activities, including a $118.7 million issue of mutual capital instruments (MCIs) through an entitlement offer and institutional placement, along with debt issuance involving a simple corporate bond offer and a sustainability linked loan. These activities strengthened the Group's balance sheet, allowed early refinancing of $82.9 million in

Australian Unity Limited Series C Bonds (AYUHC), shifted the gearing ratio of the company from 30 percent in December 2023 to 29 percent in June 2024, and helped finance the acquisition of MHC.

In November 2023, the Group announced an issue of Series E Simple Corporate Bonds with a 5-year maturity, raising $255.8 million effectively supporting the refinancing of the majority of the $115.0 million Series C Bonds (due to mature in December 2024) and Retirement Village Investment Notes (RVINs) (matured or due to mature in December 2023 and 2024).

In July 2023, the Group secured a $50.0 million sustainability linked loan facility from Westpac Banking Group, with an interest rate linked to the delivery of Community and Social Value (CSV).

The Group implemented AASB 17 *Insurance Contracts* from 1 July 2023. In accordance with the implementation requirements of the standard, all comparative period financial information has been restated to the same basis. One noticeable impact of AASB 17 is that benefit fund insurance premium receipts and claim payments are no longer recorded through profit and loss.

The Group's operations were conducted through four business platforms in the period: Home Health; Residential Aged Care; Retail and Wealth & Capital Markets (W&CM). Reporting highlights for each platform are provided below.

Home Health

The Home Health platform provides a range of in-home health services across both community and virtual settings that are designed to meet the ongoing needs of our customers and support them to live independently and age well at home.

Financial performance

	Year to 30 June 2024 $million	Year to 30 June 2023 (restated)[2] $million	Variance %
Total segment revenue	**586.7**	415.5	41.2
Operating expenses	**(536.2)**	(370.1)	(44.9)
Adjusted EBITDA[1]	**50.5**	45.4	11.2

The Home Health platform invested in transformational activity to enable more efficient and effective delivery of services to over 50,000 customers. The platform recorded a sound financial result with strong revenue growth attributable to home care package pricing increases (supporting the Fair Work Commission's decision to increase wages across the aged-care sector). Also contributing to the solid revenue growth was the acquisition of *myHomecare Group (MHC)* which added $108.8 million to the segment revenue for the period post-settlement.

On 28 March 2024, Australian Unity settled the acquisition of MHC, adding scale with some 20,000 customers and expansion across location and product offerings, in particular in self-managed home care services. This acquisition contributed $1.6 million towards Home Health's Adjusted EBITDA, a combination of $8.2 million of trading Adjusted EBITDA net of $6.6 million in integration costs.

In addition to commencing the integration process for MHC, the business also continued to transform its operating model to meet the growing needs and expectations of customers—including materially advancing the design and development of a new core operating system to better support the delivery of integrated healthcare propositions in the world of increasing co-morbidities. Home Health's Adjusted EBITDA included $15.8 million of transformation expenses (30 June 2023: $7.8 million).

Safe minutes of care

Safe minutes of care is the key operating measure of Home Health, which reflects the volume of services delivered to customers, taking into consideration any safety incidents for the Home Health workforce. As a result of growth across all key operating metrics, Home Health delivered 205 million safe minutes of care for the year, an increase of 15.3 percent. This growth includes the benefit of the MHC acquisition, which delivered 11.7 million safe minutes of care for the period post-settlement. Included in this delivery, the Aboriginal Home Care business provided approximately 15.1 million safe minutes of care to Indigenous customers, an increase of 14.1 percent on the prior period (30 June 2023: 13.2 million).

	Year to 30 June 2024	Year to 30 June 2023	Variance %
Safe minutes of care*	**205 million**	178 million	15.3
Home care packages*	**23,820**	10,785	120.9
Home care customer numbers*	**56,945**	32,962	72.8
Healthcare workers*	**4,675**	3,259	43.5
Hospital substitution programs delivered	**6,954**	6,973	-
Mental Health interactions via calls, webchats and emails	**205,554**	205,961	(0.2)

* Totals include benefit of MHC acquisition from 28 March 2024 to 30 June 2024 including 11.7 million safe minutes of care, 13,007 home care packages, 19,736 home care customer numbers and 989 healthcare workers.

Residential Aged Care

The Residential Aged Care platform provides aged care services across 12 facilities in New South Wales, Victoria and Queensland.

Financial performance

	Year to 30 June 2024 $million	Year to 30 June 2023^ (restated)[2] $million	Variance %
Total segment revenue	**208.7**	150.9	38.3
Operating expenses	**(169.9)**	(128.5)	(32.2)
Adjusted EBITDA[1]	**38.8**	22.4	73.4

^ The previous year numbers in the financial performance table do not include those for the disability services or dental businesses which were divested during the year ended 30 June 2023.

The Residential Aged Care platform's total segment revenue was strengthened by an uplift in daily accommodation payments and refundable accommodation deposit revenues. The improved revenue arose through improved occupancy levels over the year, which averaged 97.1 percent in mature homes, 4.4 percentage points above the sector average of 92.7 percent and 2.3 percentage points above the sector top quartile[3] along with the trade up of its two newest facilities at a stronger pace than projected for the year.

Other revenue growth was achieved through increased government funding, reflecting in part the government support of significant wage increases in the sector and inflation in other operating costs.

Walmsley in Kilsyth, Victoria, completed its trade up during the year and achieved full occupancy after 16 months and The Alba in South Melbourne, Victoria, reached 66.3 percent occupancy at 30 June 2024.

Improved attraction and retention strategies reduced workforce attrition and external agency staff expenditure to $1.0 million (30 June 2023: $7.6 million).

Aged care bed numbers and occupancy

	Year to 30 June 2024	Year to 30 June 2023	Variance %
Total aged care beds	**1,215**	1,215	-
Average occupancy (Mature homes*)	**97.1%**	94.3%	2.8

* Mature homes are properties that are two years post development completion.

Retail

The Retail platform brings together Australian Unity's private health insurance (PHI), banking business and distribution of general insurance products. Focusing on the needs of members and customers and broader community value, the platform seeks to provide packages and solutions that contribute to meeting the contemporary financial and health wellbeing needs of Australians.

Financial performance

	Year to 30 June 2024 $million	Year to 30 June 2023 (restated)[2] $million	Variance %
PHI premium revenue	**686.5**	688.5	(0.3)
Banking revenue	**78.7**	55.5	41.7
Total segment revenue	**765.2**	744.0	2.8
Operating expenses	**(708.0)**	(685.6)	(3.3)
Adjusted EBITDA[1]	**57.2**	58.5	(2.2)

The total segment revenue was higher than the prior year mainly due to higher interest income from the banking business. The primary drivers of movement in Adjusted EBITDA were a return of PHI claims experience to long-term trend levels and an improvement in the expected credit loss position for the banking business, which broadly cancelled each other out.

Private health insurance (PHI)

PHI had a sound year in terms of financial performance and growth. The total number of Australian resident PHI policyholders increased from 162,294 to 162,455 at 30 June 2024, in competitive market conditions.

The PHI fund delivered the third lowest premium increase in the sector for FY2024[4], at an average of 1.42 percent, compared to the sector average of 3.03 percent[5]. This lower increase for policyholders followed, and was in addition to the 12 month deferral of the FY2023 premium increase of 3.76 percent.

Policyholder overview

	Year to 30 June 2024	Year to 30 June 2023	Variance
Overseas visitors' cover policyholders	**4,064**	3,915	149
Australian resident PHI policyholders	**162,455**	162,294	161
Total policyholders	**166,519**	166,209	310

Banking

Australian Unity Bank had more than 22,700 customers at 30 June 2024. Despite the challenges faced within a competitive loan environment, the bank experienced solid lending growth with the gross loan portfolio increasing by 20.5 percent.

Banking overview

	Year to 30 June 2024 $million	Year to 30 June 2023 $million	Variance %
Total assets	**1,666**	1,394	19.5
Expected Credit Loss provision on loans	**(4.0)**	(9.1)	56
Gross loan portfolio	**1,393**	1,156	20.5

Wealth & Capital Markets (W&CM)

The W&CM platform comprises funds management, retirement living, social infrastructure, investment bonds and trustees businesses. Its purpose is to lead Australian Unity's efforts in helping Australians achieve and sustain their financial wellbeing and expand the Group's social infrastructure reach and impact.

Financial performance

	Year to 30 June 2024 $million	Year to 30 June 2023^ (restated)[2] $million	Variance %
Total segment revenue	**232.5**	207.1	12.3
Operating expenses	**(187.0)**	(161.0)	(16.2)
Adjusted EBITDA[1]	**45.5**	46.1	(1.4)

The platform recorded a 1.4 percent decrease in EBITDA, compared to the prior corresponding period largely, relating to increased revenue from the acquisition of *IOOF Ltd* (now *AULBL*), offset by a reduction in joint venture EBITDA. Total platform segment revenue and operating expenses increased by 12.3 and 16.2 percent respectively due to gross up of revenue and expenses relating to the FY2024 consolidation of the 24 resident village accounts.

The aggregate gross asset value of funds under management, administration and advice (FUMAA) decreased to $18.76 billion at 30 June 2024 (30 June 2023: $28.35 billion). This decrease related largely to the divestment of the Advice business during the year.

Funds under management, administration and advice

	Year to 30 June 2024 $million	Year to 30 June 2023^ (restated)[2] $million	Variance %
Investment funds	**10,497.3**	10,038.9	4.6
Social infrastructure	**3,959.9**	4,244.3	(6.7)
Investment bonds	**3,696.5**	2,419.9	52.8
Trustees	**603.0**	482.2	25.1
Advice	**-**	11,161.0	(100.0)
TOTAL GROSS FUMAA+	**18,756.7**	28,346.3	(33.8)

+ Included in total gross FUMAA is $1,054.3 million investments managed on behalf of the Group in FY2024 and $990.2 million in FY2023

1 In assessing the performance of its operating business segments, the Group uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). This measure excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes Group overheads and other material non-recurring expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in note 1(c)(ii). For the purposes of the financial performance in the Operating and Financial Review, the Group Adjusted EBITDA is the sum of the platform Adjusted EBITDA plus the Corporate Functions.

2 FY2023 comparative information has been restated following adjustments made to prior year financial statements due to the implementation of AASB 17 *Insurance Contracts*. Further information about the nature and impact of the restatement is included in note 40(d) and 41 of the Consolidated financial statements.

3 2024 07 Stewart Brown Aged Care Financial Performance Survey (March 2024): https://www.stewartbrown.com.au/news-articles/26-aged-care/296-2024-07-stewartbrown-aged-care-financial-performance-survey-march-2024

4 Australian Department of Health and Aged Care, Average annual price changes in private health insurance premiums: https://www.health.gov.au/resources/publications/average-annual-price-changes-in-private-health-insurance-premiums

5 Australian Department of Health and Aged Care, PHI 16/24 Private Health Insurance Premium Round Announcement: https://www.health.gov.au/news/phi-circulars/phi-1624-private-health-insurance-premium-round-announcement

During the year under review, the platform accelerated key portfolio opportunities including the $41.0 million AULBL business acquisition, $67.0 million invested into social infrastructure funds including investment into the Australian Unity Healthcare Property Trust, and the acquisition of Stage 9 of Brisbane's health and innovation destination, Herston Quarter, to further optimise the precinct and build of a 1,000-plus space Northern Car Park, and a student accommodation fund was established.

The platform divested the Advice business and Australian Unity Property Limited (including the management rights for the Australian Unity Diversified Property Fund).

Agreements were also entered into to divest the management rights of the Australian Unity Future of Healthcare Fund and Altius Asset Management. Following all relevant approvals, Australian Unity Funds Management Limited will retire as Responsible Entity of the Australian Unity Wholesale Cash Fund, the Altius Sustainable Short Term Income Fund, the Altius Green Bond Fund and the Altius Sustainable Bond.

The Alba in South Melbourne, Victoria, co-located with The Grace, completes the Group's latest wellbeing precinct and offers 60 assisted living apartments (as well as the 95 residential aged care places, which were available in FY2023 and which are reported as part of the Residential Aged Care platform). The retirement communities portfolio, which includes 24 retirement villages across NSW, Victoria and Queensland, achieved 235 resale settlements (2023: 221) with total revenue of $80.3 million (2023: $80.8 million). At 30 June 2024, occupancy levels across the portfolio were 94.8 percent (30 June 2023: 94.7 percent).

The Group supported the withdrawal of Northwest interests in the Australian Unity Healthcare Property Trust.

Matters subsequent to the end of the financial year

MCI dividend

On 28 August 2024, the board has determined a final fully franked dividend of $2.5068 per Australian Unity Mutual Capital Instrument (MCI) to be paid on 15 October 2024.

The board is not aware of any other matter or circumstance arising since 30 June 2024 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.

Likely developments and expected results of operations

The board is not aware of any developments which may affect the Group's operations and expected results of operations which can be disclosed without prejudicing unreasonably their likelihood of success or violating commercial confidences.

Many of the businesses in the Group operate in areas which are subject to substantial government regulation and/or participation. Australian Unity competes at times in areas where free market forces are not always the sole determinant of outcomes.

The Group is subject to a variety of market risks, particularly financial markets and property markets. Note 28 contains an explanation of the Group's approach to market risk management.

Environmental regulation

No significant environmental regulations apply to the Parent entity. The property operations within both the Residential Aged Care services business and investment syndicates and trusts for which a controlled entity acts as Responsible Entity or Manager are, however, subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

Our material risks

Australian Unity recognises that sound management of the Group's risks within an effective enterprise risk management framework, including a clear and dynamic risk appetite statement and a positive risk culture, underpins the success of the business.

We have implemented a 'three lines of accountability' model across the Group. As part of this, we regularly review our risk profiles, create clear risk and control accountabilities and encourage open and prompt reporting of incidents. This continual review of our existing risks, scanning the horizon for new and emerging risks and seeking to improve the way in which our risks are managed helps us respond in a changing risk environment and contributes to us meeting our strategic objectives.

The Group's material risks and how we plan to respond to these risks is summarised in the table below.

Risk	Risk description	How we respond
Availability of a skilled and experienced workforce	Australian Unity relies on skilled and experienced employees to service members and customers. If Australian Unity is unable to access appropriately skilled people or retain current employees, it may experience workforce constraints that adversely impact the provision of service, growth plans and financial performance. Australian Unity is experiencing this risk in its care workforce due largely to competition for talent, and changes to sector workforce dynamics and government funding models.	• We provide our employees with a positive employee value proposition. We offer a supportive and fulfilling work environment and listen and respond to employee feedback. • Our people strategy aims to grow our workforce with quality candidates seeking longevity in roles. As part of this strategy, we are investing in skills and leadership capabilities, and evolving our approach to achieving scalable talent sourcing and recruitment.
Cyber security threats	Australian Unity's businesses are reliant on technology to deliver its products and services. In this delivery, Australian Unity handles large amounts of customer, member and employee data. Cyber security risk is on the rise due to increasing dependence on technology and the growing frequency, sophistication and severity of attacks. If systems fail to detect and prevent cyber-attacks, Australian Unity could experience unauthorised access or loss of confidential information, or business disruption as a result of system unavailability.	• We continue to invest in strengthening our cyber security capability to respond to emerging threats. We have undertaken a range of initiatives designed to strengthen our controls on the perimeter, tighten access controls and improve our threat and vulnerability management. • We monitor the external environment for cyber threats and have frameworks, policies, procedures and technology solutions in place to help reduce, monitor, detect and respond to cyber threats. • We educate our employees on cyber risks and actions they can take to avoid compromising security.

Risk	Risk description	How we respond
Deteriorating economic conditions	The increasing risks associated with deteriorating economic conditions including potential recession, enduring inflation and increased operating costs, and a tightened fiscal environment could result in restrained government spending and impact Australian Unity's business operations and financial performance. For example, current inflationary pressures are leading to rising medical, construction, operational and staffing costs. Adverse economic conditions may also impact the returns Australian Unity achieves on its investments, occupancy levels in residential aged care and sales of residential villages, and the level of credit defaults experienced in Australian Unity Bank's loan portfolio.	• We conduct ongoing budgeting and forecasting to maintain control of costs and investment, along with regular scenario analysis and stress testing to help us understand and plan for the potential impacts of challenging conditions to our financial prospects. • We monitor product and service design and distribution to ensure that prices remain sustainable.
Changes to government policy	Many of Australian Unity's businesses operate in sectors that are dependent on government funding. Changes to government funding levels or structures may impact the profitability or viability of certain businesses. Funding decisions may be volatile or unpredictable in times of political uncertainty.	• We monitor upcoming changes to laws, regulations and regulatory guidance, participate in industry forums and bodies, and consider the impact of potential regulatory change on our business operations. • We maintain strong relationships with our regulators by taking a proactive, open and honest approach.
Convergence of major change	The amount and timing of significant changes in the business — including changes to operating models, integration of acquired businesses, and embedding new technologies and processes — may create risks to the successful execution of our strategy, including the achievement of the expected benefits of transformation activity, or impacts such as employee burnout and turnover, and reduced resilience to other shocks.	• Dedicated projects to deliver the transformation agenda are overseen by executive management and include regular monitoring of progress and financials to plans. • We promote a safe and inclusive workplace with the aim to prevent harm and manage workplace safety and employee wellbeing through supporting frameworks, policies, procedures and tools. • Our board, committees, executives and senior management monitor the execution of strategy. • Finances are managed to have sufficient flexibility and liquidity to fund transformational business activities, and maintain resilience to external market factors.
Adapting Australian Unity's products, services and technology	Australian Unity operates in markets where customer product demands are rapidly changing and preferences have been shifting to digital channels. The operation of business technologies is an important part of how services are delivered to customers. If Australian Unity is not successful in adapting its products, services, and technologies to meet changing market preferences, and to deliver reliable and efficient services, it may lose customers to its competition or fail to meet growth ambitions, which may adversely affect its financial performance.	• We regularly assess the external environment and allocate business investment to understand and respond to our customers' preferences and to develop our digital capability.
Providing quality clinical and care services	Australian Unity provides high-trust services such as health and aged care in the community. Poor quality clinical services may arise from inadequate policies and procedures, lack of training and supervision, or other situational factors. The health, clinical safety and wellbeing outcomes of customers may be impacted if clinical practices are not designed or delivered to best practice standards. A severe event, or series of events, could result in mistreatment, injury or death to customers, sanctions from regulators, reduced government funding, reputational damage, and remediation costs.	• We design and maintain safe, high quality products and services for our customers and communities. We have frameworks, policies and procedures in place to prevent, monitor and manage the risk of harm. • Our Clinical and Care Governance Framework provides the overarching structures for the delivery, review and continuous improvement of quality clinical and care services. • Quality Assurance audits are completed across our clinical services to review processes and practices against policies, procedures, and applicable quality and regulatory standards. • Customer care plans are the foundation of clinical service delivery and minimising clinical risk.
Access to capital	Australian Unity is a mutual entity limited by shares and guarantee. While unable to issue ordinary shares to raise new capital, it can raise capital via the issuance of MCIs, although MCIs are a novel instrument and there is no established deep market. Australian Unity also relies on external debt markets for a portion of its funding. Changes in the economic and market conditions and increased debt serviceability could result in reduced access to capital, difficulty in raising equity or increased costs of funding. This could negatively affect Australian Unity's capital position and its ability to fund business initiatives.	• We closely monitor funding available plans and incorporate conservative capital buffer settings to manage cash flow constraints. Forecasting and scenario analysis is a key part of our capital planning and management. • Ongoing access to capital is maintained through external debt markets and we have policies and plans in place to monitor and review our capital and liquidity position. • Our APRA-regulated entities have an Internal Capital Adequacy Assessment Process (ICAAP) to maintain capital that meets regulatory requirements.

Risk	Risk description	How we respond
Liquidity demands	There is a risk that Australian Unity's liquidity and funding plans fail to operate effectively, or there may be factors outside its control which could have adverse effects. The investments held to support liquidity needs may not be readily converted to cash, or levels may not be sufficient to respond to a circumstance where demands exceed forecasts. For example, an event that simultaneously leads to a funding need in a number of regulated or operating entities may place significant demands on the liquidity and funding position.	• We manage this risk via liquidity and funding plans which are designed to enable the Group's entities to meet their debts and other obligations as and when they fall due. • We maintain a level of liquidity to support unexpected additional demands from multiple sources across Group entities. • We maintain liquidity management policies and supporting processes to hold the required levels of liquidity to meet our prudential requirements.
Reliance on third parties	Australian Unity's business model increasingly relies on partnering with third party providers. If these third parties are not aligned to Australian Unity's purpose and objectives or fail to deliver services in accordance with contractual arrangements, it may impact services, reputation, and compromise the achievement of strategic objectives.	• We undertake due diligence in accordance with our Vendor Management Framework to assess third parties and ensure appropriate ongoing monitoring of performance and compliance with contracts, and regulatory and control assurance requirements. • Our technology assists in managing our growing exposure to third party relationships and strengthens management of associated risks.
Workplace injuries or conditions	Australian Unity has a large workforce that could be exposed to workplace injuries or illness. Given the variability of locations, conditions and types of care delivered, the workforce may be subject to muscular or skeletal injuries, slips, trips, falls, driving accidents, mental stress or occupational violence and assault. Workplace injuries can impact Australian Unity's ability to service customers, retain employees, and can increase its costs.	• We promote a safe and inclusive workplace with the aim to prevent harm and manage workplace safety and employee wellbeing through supporting frameworks, policies, procedures and tools. • We have plans, instructions, supervision and training to build awareness and to continually improve safety. We actively work towards eliminating hazards, managing and investigating incidents and fostering sustainable return to work outcomes for any ill or injured employee.
Exposure to external events	With the diversity of Australian Unity's businesses, it is exposed to a variety of external events and factors, such as financial market volatility, government interventions or changes to funding policy, business disruptions through pandemics or extreme weather events (such as drought, bushfire, flood and storm), evolving ESG expectations and other community issues. If Australian Unity does not identify, understand, or respond to its environment and make the right decisions, it may impact strategy execution.	• Risks and potential impacts on our strategy are identified as part of the annual planning process. • Finances are managed to have sufficient flexibility and liquidity to fund transformational business activities and maintain resilience to external market factors. • We advocate for policies that sustain the sectors in which we operate. • We monitor and plan for external events that may have an impact, including via scenario analysis activities, to help us to plan to mitigate potential impacts to our strategy and financial performance and to take advantage of opportunities. • Our board, committees, executives and senior management monitor the execution of strategy.
Regulatory complexity and change	Australian Unity operates a wide range of business activities which are subject to different laws and regulatory requirements and licence conditions. As regulatory standards and expectations are constantly changing, increased regulation and supervision could adversely affect business activities. This could require changes to its business model, products or services and the incurrence of significant costs to implement change. Australian Unity may also face regulatory action and reputational damage if it does not comply.	• We monitor upcoming changes to laws, regulations and guidance, participate in industry forums and bodies and consider the impact of potential regulatory change on our business operations. • We maintain strong relationships with our regulators by taking a proactive, open, and honest approach.
Growing Australian Unity's Community and Social Value	Community and Social Value (CSV) as a measure of wellbeing outcomes is a core component of Australian Unity's corporate purpose. Changes to business composition or decisions which do not sufficiently increase CSV or fail to optimise Australian Unity's opportunities to increase CSV, may impact its ability to meet these objectives.	• Our CSV outcomes framework seeks to measure where we have a positive social impact on our members, customers, employees and the broader community. Measuring (and forecasting) our unique impact value informs our key business decisions in order to achieve these CSV objectives. • We measure and assess our material and strategic decisions, including portfolio structure, strategic investments and operational and product choices under the framework with the aim of supporting decisions that increase our contributions to CSV.

Information on directors

LISA CHUNG AM, LLB, FIML, FAICD
Chair
Ms Chung was appointed to the board of Australian Unity Limited on 30 June 2017 and appointed Chair on 26 October 2022. She is a director of a number of Australian Unity Limited subsidiaries and a member of the Audit Committee, Investment Committee, People, Culture & Remuneration Committee and Risk & Compliance Committee. Ms Chung is currently Chair of The Front Project, a director of AVJennings Limited, Warren and Mahoney Limited, Artspace/Visual Arts Centre, Sydney Community Foundation and the Committee for Sydney Limited and a trustee of the Art Gallery of NSW Foundation. Prior to this, Ms Chung was a partner specialising in commercial property and infrastructure at Maddocks Lawyers and at Blake Dawson (now Ashurst) where she also held various senior management roles and was an elected member of the firm's board. Ms Chung completed the Advanced Management Program at INSEAD in France in 2004. She was previously chairman of The Benevolent Society and Urbis and a non-executive director of APN Outdoor Limited. Ms Chung has not held any directorships of listed entities in addition to those set out above during the last three years.

MELINDA CILENTO, BA, BEc (Hons), MEc, GAICD
Deputy Chair
Ms Cilento was appointed to the board of Australian Unity Limited on 1 May 2014 and appointed Deputy Chair on 26 October 2022. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the People, Culture & Remuneration Committee and a member of the Investment Committee and Risk & Compliance Committee. She is also co-chair of Reconciliation Australia and until 1 May 2019 was a director of Woodside Petroleum. In addition to her directorships, Ms Cilento is the CEO of the Committee for Economic Development of Australia. She is a member of the Parliamentary Budget Office panel of expert advisors, the Australian Statistical Advisory Council and the Ministerial Advisory Committee on Skilled Migration. She has previously been a commissioner with the Productivity Commission and worked for eight years with Australia's leading CEOs at the Business Council of Australia, including four years as deputy chief executive. Prior to joining the Business Council of Australia, Ms Cilento was Head of Economics at Invesco Australia. Ms Cilento has also worked with the Federal Treasury and International Monetary Fund in Washington DC. She was a director of Wesfarmers General Insurance until June 2014. Ms Cilento has not held any directorships of listed entities in addition to those set out above during the last three years.

ROHAN MEAD
Group Managing Director & CEO
Mr Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of most subsidiary boards and several committees. Mr Mead is chair of the Business Council of Co-Operatives and Mutuals Limited (BCCM). He is also chair of the Business Council of Australia's Health and Care Economy Committee and a member of its Indigenous Engagement Committee. Mr Mead is a director of the Centre for Independent Studies (CIS) and Private Healthcare Australia Limited (PHA). Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996–2003) in a range of senior roles. Mr Mead is not a director of any other listed entities and has not held any other directorships of listed entities during the last three years.

LUCINDA BROGDEN AM, BCom, MOrgPsych, MAICD
Ms Brogden was appointed to the board of Australian Unity Limited effective from 8 September 2022. She is a member of the Audit Committee and the Risk & Compliance Committee. Ms Brogden served as a commissioner and chair of the National Mental Health Commission from 2014-2022. She is currently the chair of the Diabetes Research Foundation, a director of Be Kind Sydney, Corporate Mental Health Alliance Australia and the National Film and Sound Archive. Ms Brogden is founder and Patron of the Sydney Women's Fund. Ms Brogden has over 30 years' commercial experience and has held a number of roles including with Macquarie Group and Ernst & Young. She has worked in trusted advisory roles with some of Australia's leading CEOs, managing partners, ministers and chairs in investment banking, finance, law and government. Ms Brogden has not held any other directorships of listed entities in addition to those set out above during the last three years.

KIM CHEATER, BEc, CA, FAICD
Kim Cheater was appointed to the board of Australian Unity Limited effective from 1 March 2024. Mr Cheater is an experienced non-executive director. He is currently chair of the South Australian Museum and Alwyndor Aged Care and a non-executive director of RAA Group, RAA Insurance and ReturnToWorkSA. He is also a member of the Advisory Board for Sarah Constructions and for Sarah Group Holdings, a council member of Flinders University and the Independent Chair of the Audit, Risk & Investment Committee for Minda Inc. Mr Cheater is a Fellow of the Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia and New Zealand. Mr Cheater was a partner at PwC for nearly 20 years and former managing partner of the Adelaide Office. He led the Governance, Risk and Cyber Security business of PricewaterhouseCoopers in Adelaide as well as the Financial Services practice. Mr Cheater also led PricewaterhouseCoopers's national Reconciliation Action Plan initiatives. He was appointed by the South Australian Governor as an Ambassador for Aboriginal Employment and recognised as a Distinguished Alumnus by Flinders University for his contribution to business and reconciliation. Mr Cheater has not held any other directorships of listed entities in addition to those set out above during the last three years.

PAUL KIRK, BEc, CA, RITA, MAICD
Mr Kirk was appointed to the board of Australian Unity Limited on 1 February 2016. He is a director of a number of Australian Unity Limited subsidiaries and a member of the Investment Committee. Mr Kirk is currently managing director and founder of Collins Pitt Associates and is a director of the Noel & Carmel O'Brien Family Foundation and holds a number of other private company directorships. He is a member of the Investment Advisory Committee of Monash University. Mr Kirk was previously a director of the Melbourne Festival, Worksafe Victoria, Transport Accident Commission, St Kilda Football Club and the Victorian Registration and Qualifications Authority. Prior to this, Mr Kirk held a number of senior positions both overseas and in Australia with the major accountancy firm, PricewaterhouseCoopers, specialising in the area of corporate advice, turnaround and restructuring, profit improvement, M&A, strategic advice, risk and governance, forensic accounting and insolvency management. Following this, Mr Kirk worked for two years as special advisor for Lazard Australia. He has not held any directorships of listed entities in addition to those set out above during the last three years.

SU McCLUSKEY, BComm, FCPA, FTSE, MAICD
Ms McCluskey was appointed to the board of Australian Unity Limited on 1 September 2015. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the Risk & Compliance Committee and a member of the Audit Committee and the People, Culture & Remuneration Committee. Ms McCluskey is a director of the Australasian Pork Research Institute and LiveCorp. Ms McCluskey is also the special representative for Agriculture. She was a member of the Charities Review, the Harper Review of Competition Policy and the Regional Telecommunications Review and a commissioner for the National COVID-19 Commission Advisory Board. Ms McCluskey was previously the CEO of the Regional Australia Institute and the executive director of the Office of Best Practice Regulation. She has held senior positions with the Business Council of Australia, the National Farmers' Federation and the Australian Taxation Office. She is also a beef cattle farmer. Ms McCluskey has not held any directorships of listed entities in addition to those set out above during the last three years.

Dr HELEN NOTT, BSc (Hons), PhD, FAICD
Dr Nott was appointed to the board of Australian Unity Limited effective from 8 September 2022. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the Audit Committee and a member of the Risk & Compliance Committee. Dr Nott is currently a board member of the New Zealand Accident Compensation Corporation (ACC), and is a director of the QBE Australia Pacific portfolio of entities including QBE Insurance (Australia) Limited, QBE Lenders' Mortgage Insurance Limited and QBE Insurance (International) Pty Limited. She was previously vice president and director of Paralympics Australia Pty Ltd, a director of QBE Life (Australia) Limited and Healthdirect Australia. Dr Nott has extensive experience within the insurance industry, holding a number of senior roles with Insurance Australia Group and QBE Australia and New Zealand. Prior to this, Dr Nott held roles with Booz Allen Hamilton (now PwC Strategy&), PwC Corporate Finance and Recovery and with CSIRO Mathematics and Information Sciences (now Data 61). She specialises in supporting executives and boards with corporate operational strategy and financial governance. Dr Nott has not held any directorships of listed entities in addition to those set out above during the last three years.

JULIEN PLAYOUST, BSc (Arch), BArch (Hons), MBA, FAICD
Mr Playoust was appointed to the board of Australian Unity Limited on 1 February 2020. He is chairman of the Investment Committee and member of the Audit and Risk & Compliance Committees. He is a Director of AEH Group; deputy chairman of the Art Gallery of NSW Foundation and chairman of the Finance Committee; Member of the Advisory Board and chairman of the Investment Committee of The Nature Conservancy, and; member of the Alumni Leaders Group of the UNSW Business School. Past appointments include: non-executive director of ASX-listed Tatts Group Limited, MCM Entertainment Group Limited, and Australian Renewable Fuels Limited; director of TimeOut Group Australia and Ventura Health and; member of the UNSW Art & Advisory Board, and the National Gallery of Australia Foundation Board. He has worked with AMP, NAB and Accenture. Mr Playoust is a Fellow of the Australian Institute of Company Directors. He holds a Master of Business Administration from UNSW (AGSM), Bachelor of Architecture (First Class Honours) and Bachelor of Science from Sydney University, and Company Director Course Diploma from the Australian Institute of Company Directors. Mr Playoust has not held any directorships of listed entities in addition to those set out above during the last three years.

Company secretaries

MELINDA HONIG, BEc, LLB, GAICD, Group Executive—Governance, General Counsel, Company Secretary and Chief Risk Officer
Ms Honig joined Australian Unity in February 2016. In her role as Group Executive—Governance, Ms Honig is responsible for managing the Group's legal, compliance, risk, and secretariat functions. She is also secretary for all Group subsidiary boards. Prior to joining Australian Unity, Ms Honig worked for GE for 15 years, five of those years with GE Capital in the role of general counsel, overseeing the provision of legal services to GE Capital's commercial finance, consumer finance and insurance businesses in Australia and New Zealand. Ms Honig brings to Australian Unity her executive experience in legal, compliance and company secretary functions and has worked abroad as Counsel for GE Indonesia, in operations which included transportation, energy and GE Capital. Prior to joining GE, Ms Honig was at KPMG for five years and undertook her legal training in tax at KPMG.

CATHERINE VISENTIN, GIA (Affiliated), Assistant Company Secretary
Ms Visentin joined Australian Unity in 1988. She was appointed Assistant Company Secretary of various Australian Unity Group Companies in 2004.

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Board		Audit Committee		Risk & Compliance Committee		Investment Committee		People, Culture & Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Lisa Chung	10	10	4	4	6	6	4	4	4	4
Melinda Cilento	10	10	-	-	6	6	4	4	4	4
Rohan Mead	10	10	4	4	6	6	4	4	-	-
Lucinda Brogden	9	10	3	4	6	6	-	-	-	-
Kim Cheater	3	3	1	1	2	2	-	-	-	-
Paul Kirk	10	10	-	-	-	-	4	4	-	-
Su McCluskey	9	10	4	4	6	6	-	-	3	4
Helen Nott	10	10	4	4	6	6	-	-	-	-
Julien Playoust	10	10	3	4	6	6	4	4	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year. Leave of absence had been granted in all cases where the directors were unable to attend meetings.
Lisa Chung is Chair of the Company and is a member of all board committees. Melinda Cilento is Deputy Chair and Chair of the People, Culture & Remuneration Committee.
Helen Nott is Chair of the Audit Committee.
Su McCluskey is Chair of the Risk & Compliance Committee. Julian Playoust is Chair of the Investment Committee.
Rohan Mead is not a member of the Audit, Risk & Compliance or People, Culture & Remuneration Committees but attended (in whole or part) the meetings of each committee as indicated.
Kim Cheater was appointed a director and committee member with effect from 1 March 2024.

Remuneration report

Details of the Group's remuneration policy in respect of the directors and other key management personnel are included in the Remuneration report on pages 37 to 48. Details of the remuneration paid to directors and other key personnel are also detailed in the Remuneration report. The Remuneration report is incorporated in and forms part of this Directors' report.

Directors' interests and benefits

Since the end of the previous financial year and to the date of signing this report, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or related party transactions shown in the Group's financial statements) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest, except as specified in the Key management personnel disclosures in note 37.

Insurance and indemnification of directors and officers

During the financial year, the Group paid a premium for a contract insuring the directors, company secretaries and executive officers of the Group to the extent permitted by the *Corporations Act 2001*. In accordance with common commercial practice the insurance policy prohibits disclosure of the nature of the liabilities covered and the amount of the premium.

In accordance with the constitution of the Company and under a separate deed, the directors and officers are indemnified to the extent permitted by law against any liability incurred by them in connection with the proper discharge of their duties, other than for conduct involving a lack of good faith.

Parent entity

Australian Unity Limited is a company limited by shares and guarantee, however, no shares have been issued. The liability under the guarantee of the members in a winding up is limited to $1 per member while being a current member and within one year afterwards.

Provision of non-audit services by the auditor

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor, KPMG (2023: PricewaterhouseCoopers Australia), for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the general standard of auditor independence imposed by the (*Corporations Act 2001*) for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	2024 $	2023 $
KPMG (2023: PricewaterhouseCoopers Australia)		
Audit of regulatory returns	**380,000**	551,286
Other assurance services	**404,500**	469,695
Tax compliance services	**15,000**	40,000
Tax consulting services	**-**	266,065
Other services	**353,000**	2,500
Total remuneration for non-audit services	**1,152,500**	1,329,546

Auditor's independence declaration

KPMG is the external auditor for the 2024 financial year (2023: PricewaterhouseCoopers Australia). A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 36.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission. Unless otherwise stated, amounts in the Directors' report and Financial Statements have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Lisa Chung AM
Chair

Rohan Mead
Group Managing Director & CEO

Melbourne
28 August 2024

Auditor's independence declaration

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

To the Directors of Australian Unity Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Unity Limited for the financial year ended 30 June 2024 there have been:

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

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

KPMG

KPMG

Chris Wooden
Partner
Melbourne
28 August 2024

30

Remuneration report

This Remuneration report relates to the Company's performance for the year ending 30 June 2024 including all incentives payable in respect of that performance. The report is structured as follows:

- Key Management Personnel (KMP)
- Compensation Framework Overview
- Compensation Governance and Risk
- 2024 Senior Executive Compensation
- Non-executive Directors' Compensation

This Remuneration report sets out the remuneration information for Australian Unity Limited and the entities it controls (Australian Unity or Group) for the year ending 30 June 2024.

It has been prepared and audited as required by the *Corporations Act 2001* (the Act). The report covers all Key Management Personnel (KMP) of the Group.

Dear Member

On behalf of the board, I am pleased to present Australian Unity's Remuneration report for the year ended 30 June 2024.

Performance and compensation outcomes for the 2024 financial year

FY2024 saw material progress against strategic objectives, with a substantial transformation that positions the Group for significant acceleration of our purpose. The corporate changes associated with this transformation (such as acquisition, divestment, and restructuring) impacted our FY2024 results significantly, but in ways planned to improve future performance.

These important reshaping initiatives to our portfolio of businesses support acceleration in key areas of opportunity where there is both strategic potential along with financial growth and sustainability, and consistent with our commitment to Community and Social Value impact. These included a review of our aged care operations, the acquisition of myHomecare group and design and implementation of the evolving operating model for Home Health, divesting the Advice business, Australian Unity Property Limited and Future of Healthcare Fund, acquiring IOOF Life Bonds business, and investments into Social Infrastructure funds and Healthcare Property Trust. We continue to observe extraordinary efforts right across our business to protect the safety and wellbeing of our customers, members and employees while maintaining strong business performance and effective risk management.

The board acknowledges these efforts and the resulting outcomes and has made awards of variable compensation for FY2024. These are in accordance with the principles set out in our compensation framework and recognise financial and non-financial outcomes. This decision reflects the value we place on the contributions and achievements of our people and acknowledges the important role they played, individually and collectively, in confronting the many challenges and opportunities over the period.

Future focus

In an era of a dynamic and constantly changing employment market, the board will continue to assess the effectiveness of our compensation arrangements to ensure they are consistent with the long-term interests of Australian Unity and its members, and that we are able to attract, motivate, and retain talent across our diverse businesses.

I offer my sincere thanks to all our people for their untiring efforts and ongoing commitment over the past year.

Yours faithfully

Melinda Cilento
Chair - People, Culture & Remuneration Committee

Section 1 - Key Management Personnel

This Remuneration report outlines the compensation arrangements in place and outcomes achieved for Australian Unity's Key Management Personnel (KMP) during 2024.

Australian Unity's KMP are those people who have responsibility for planning, directing, and controlling the activities of Australian Unity Limited and the Group, either collectively (in the case of the board) or as individuals acting under delegated authorities (in the case of the Group Managing Director and certain Group Executives).

References to 'senior executive' in this report means the Group Managing Director and all executives who report to the Group Managing Director. All KMP, other than non-executive directors, are also senior executives.

The following table includes names and positions of the individuals who were KMP during 2024.

Table 1

Non-executive Directors	Position	Term
Lisa Chung	Chair	Full year
Melinda Cilento	Deputy Chair	Full year
Lucinda Brogden	Non-executive Director	Full year
Kim Cheater[1]	Non-executive Director	Part year
Paul Kirk	Non-executive Director	Full year
Su McCluskey	Non-executive Director	Full year
Helen Nott	Non-executive Director	Full year
Julien Playoust	Non-executive Director	Full year

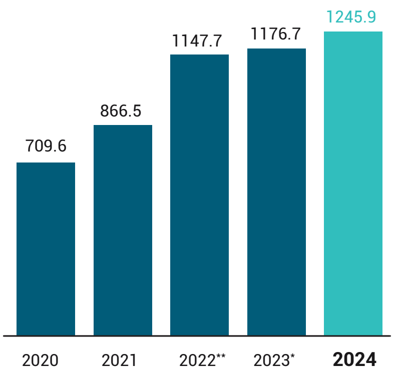
Key Management Personnel	Position	Term
Rohan Mead	Group Managing Director & CEO	Full year
Prudence Bowden	Group Executive—Home Health	Full year
Esther Kerr	Group Executive—Wealth & Capital Markets	Full year
Darren Mann	Group Executive—Finance & Strategy	Full year
Rebecca Windsor[2]	EGM Insurances	Part year
Christine Yates[3]	Group Executive—Retail	Part year

1 Kim Cheater was appointed as Non-executive Director 1 March 2024.
2 Rebecca Windsor commenced as a KMP from 25 March 2024. Her position will change to Group Executive—Health Insurance in the 2025 financial year.
3 Christine Yates ceased employment as the Group Executive - Retail on 18 March 2024.

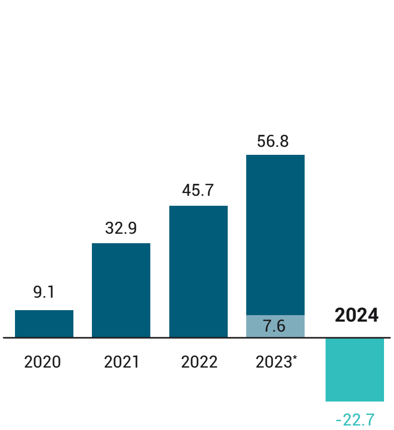
Table 2 - Five year performance

The table below outlines Australian Unity's performance over the last five years against key metrics.

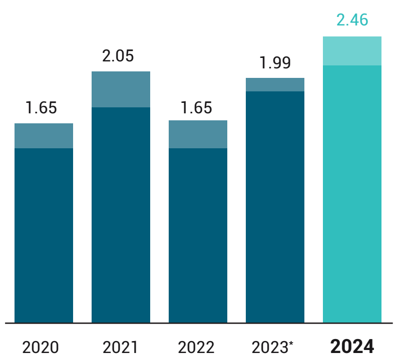
Members' funds ($m)‡
$1,245.9



Profit/(loss) after income tax ($m)
$(22.7)



Revenues ($b)†
$2.46



† Revenues: comprise revenue and other income receipts (shown as the bottom section of the bar chart) as shown in the Consolidated statement of comprehensive income in the Annual Report, excluding discontinued operations, plus life insurance contract premium receipts (shown as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the Consolidated statement of comprehensive income.
‡ Members' funds: net assets of the Group attributable to members.
* 2023 has been restated in accordance with the implementation requirements of AASB 17 *Insurance Contracts* to be on the same basis as 2024. This has resulted in 2023 profit after income tax reducing to $7.6 million on a restated basis rather than $56.8 million as reported in 2023. The movement was mainly an increased adjustment to opening 2023 retained earnings.
** 2022 Members' funds as reported in 2022.

Section 2 - Compensation Framework Overview

2.1 Guiding Principles

Our senior executive compensation framework is designed to:

customer value creation

Attract, motivate, and retain senior executive talent as a key component of our broader employee value proposition

Focus on the achievement of a balance of financial and non-financial outcomes aligned to our strategic direction

Support prudent risk management and conduct

2.2 Compensation Structure

Our senior executive compensation structure comprises both fixed and variable components, including short and long term variable compensation. The structure seeks to ensure a balance between individual compensation and the long-term sustainability of the Group while also supporting applicable regulatory expectations.

Australian Unity also makes available certain other non-monetary benefits through salary packaging, wellbeing, and community related benefits. All benefits are structured in accordance with the appropriate legislation, including taxation legislation. Details of any such benefits to KMP during the year under review are set out in section 4.2.

The following sections 2.3 to 2.5 set out additional information related to fixed and variable compensation.

2.3 Fixed Compensation

The following table outlines details relating to senior executive fixed compensation.

Feature	Description
Purpose	• Provides market competitive compensation to attract and retain talent while reflecting role scope and accountabilities.
What	• Comprised of base salary and benefits including superannuation. • Paid regularly during performance year.
How	• Set on commencement in role at a market competitive level for role scope, accountabilities and individual experience. • Reviewed annually.

2.4 Short Term Variable Compensation Key Features

The following table outlines key features of the 2024 financial year short-term variable compensation award (referred to as the Senior Leader Variable Compensation Program) for senior executives.

Feature	Description
Purpose	• Recognise achievement of a balance of financial and non-financial performance goals on an annual basis.
Participants	• Group Managing Director and Senior Executives.
Percentage Opportunity	• In the year under review, Senior Executive opportunity ranged from 56.5% to 75.0% of fixed compensation consistent with individual contracts of employment.
Performance Assessment	• Assessment of achievement of individual performance goals and given a rating of either 'not delivering', 'delivering', 'exceeding' or 'inspiring'.
Values Assessment	• Assessment of demonstration of behaviours aligned to Australian Unity's values.
Risk and Conduct Assessment	• Assessment of whether individual has 'met expectations,' 'partially met expectations' or 'not met expectations' of the risk and conduct requirements for their role. • A risk assessment outcome less than 'met expectations' results in variable compensation being reduced to zero.
Funding	• Each year the board determines available short-term variable compensation funding for the financial year based on Group performance assessed equally on financial and non-financial indicators of performance set annually by the board. • Performance indicators are not formulaic in determination of Group performance and short-term variable compensation funding but inform the judgement of the board. • Financial affordability checks apply to ensure minimum financial performance requirements are met prior to any funding being made available to ensure Australian Unity's long term financial soundness and consistent with attainment of risk appetite.
Calculation of Outcome	• Fixed Compensation X Percentage Opportunity X Individual Performance Multiple X Group Performance Multiple.

Feature	Description
Deferral	• Short-term variable compensation deferral takes into consideration any long-term variable compensation awarded ensuring the total amount of variable compensation deferred meets applicable regulatory requirements (e.g., Banking Executive Accountability Regime). • Short-term variable compensation payable in any one year cannot exceed 1 times a senior executive's fixed compensation. Any amount more than this limit is deferred and paid in future years.
Cessation of Employment	• In general, unless otherwise determined by the board, a senior executive who ceases employment due to: - Resignation or termination of employment for cause by Australian Unity, will forfeit eligibility to short-term variable compensation for the current financial year and forfeit any deferred variable compensation amounts from prior years. - Redundancy or retirement will remain eligible to receive short-term variable compensation for the current financial year. Any deferred variable compensation amounts from prior years, that have not yet met the applicable deferral end date will remain payable subject to those existing restrictions (including deferral dates timings).

2.5 Long Term Variable Compensation Key Features

The following table outlines key features of the 2024 financial year long term variable compensation award for senior executives.

Feature	Description
Purpose	• Drives collective focus on achievement of long-term strategic objectives aligned with member and customer value creation.
Participants	• Group Managing Director and Senior Executives, as determined at each grant by the board.
Opportunity	• A Senior Executive's long-term variable compensation quantum is determined at the discretion of the board on an annual basis and does not form part of individual contractual arrangements.
Instrument	• Rights to Mutual Capital Instruments (MCI) which convert to MCIs upon satisfaction of the Vesting Conditions at the Vesting Date.
Vesting Period	• The Vesting Date is four years from the date the grant of the Right to an MCI as approved by the board (or such other period prescribed by law or regulatory authority).
Vesting Conditions	• Unless otherwise determined by the board at its discretion or forfeited in accordance with the terms and conditions of the program, a Right to an MCI will vest and convert into an MCI subject to the continued employment (or following redundancy or retirement) of the senior executive at the Vesting Date.
Dividend Entitlement	• Rights to MCIs do not carry any rights to receive dividends prior to the Vesting Date. • Unless otherwise determined by the board, on the vesting date, the participant will be entitled to receive a dividend equivalent payment in cash for the relevant number of Rights to MCIs that vest. • The payment will be calculated by reference to the actual dividends paid on MCIs from the date of the issue of the Right to relevant MCIs to the Vesting Date.
Cessation of Employment	• In general, unless otherwise determined by the board, a senior executive who ceases employment due to: - Resignation or termination of employment for cause by Australian Unity, will forfeit eligibility to any Rights to MCIs that have not met relevant vesting conditions. - Redundancy or retirement will remain eligible to receive any Rights to MCIs that have not met relevant Vesting Conditions subject to the terms and conditions of the Program (including Vesting Dates, and clawback/malus provisions).

Section 3 – Compensation Governance and Risk

3.1 Governance

The Australian Unity Board is responsible for our compensation framework and its effective application. The board is also responsible for making decisions on the compensation of senior executives and does so with the assistance and advice of the People, Culture & Remuneration Committee (PC&R Committee).

The PC&R Committee is a committee of the board of Australian Unity Limited and oversees the performance management framework and overall compensation arrangements for Australian Unity in accordance with the Australian Unity Remuneration Policy and the PC&R Committee Charter which sets out the committee's responsibilities and processes.

3.2 External Advisors

The PC&R Committee may engage with external advisors to assist when making compensation decisions.

Except for a review supporting the letter from Guerdon Associates attached to this report confirming that compensation paid to KMP is appropriate, the board did not use compensation consultants during FY2024.

3.3 Compensation and Risk

We seek to implement and govern effective compensation practices that compensate performance in a manner that is appropriate and consistent with member, customer, and regulatory expectations, including the requirements under Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 511 *Remuneration (CPS 511)* and the Banking Executive Accountability Regime (BEAR).

We manage risks associated with delivering, assessing, and rewarding short-term and long-term performance by:

- Allowing the board to adjust variable compensation outcomes downwards, to zero if appropriate, if such adjustments are necessary to protect the financial soundness of Australian Unity, to respond to significant unexpected or unintended consequences that were not foreseen, or in response to instances of systemic risk and conduct failures leading to reputational or financial damage.
- The PC&R Committee meeting jointly with the Risk & Compliance Committee at least once per calendar year to discuss risk and compliance matters including, but not limited to, risk culture, consequence management issues, and effective management of financial and non-financial risks that could materially impact Australian Unity's risk profile, performance, and long-term soundness. The board will make appropriate adjustment to variable compensation outcomes commensurate with the management of those risks.
- Ensuring that all senior executives have a stand-alone risk and conduct assessment included in their overall performance assessment (referred to as Risk and Conduct Gateway). Assessment indicates whether the individual has 'met expectations,' 'partially met expectations' or 'not met expectations' of the risk and conduct requirements for their role. A risk assessment outcome less than 'met expectations' results in variable compensation being reduced to zero.
- The deferral of an appropriate portion of the variable compensation of individuals with senior executive responsibility for functions which may affect the financial soundness or reputation of the Group (including those prescribed under BEAR) and individuals who may receive a significant proportion of total compensation as variable compensation.
- Allowing the board to reduce (including to zero) deferred variable compensation amounts not yet paid (malus) or recover variable compensation amounts already paid (clawback) subject to applicable legal limitations.

Section 4 – 2024 Senior Executive Compensation

4.1 Short-term variable compensation outcomes

The following table shows details of 2024 short-term variable compensation awarded, payable and deferred.

Name	Variable compensation opportunity $	2024 Actual Actual as a percent opportunity %	2024 Actual Total $	2024 Actual Payable $	2024 Actual Deferred[1] $
Executive director	999,750	85%	849,700	849,700	-
Rohan Mead					
Other executive KMP					
Prudence Bowden	471,100	95%	447,500	447,500	-
Esther Kerr	557,900	78%	435,100	435,100	-
Darren Mann	457,100	90%	411,300	411,300	-
Rebecca Windsor[2]	78,038	85%	66,332	66,332	-

1 Maximum payable subject to ongoing performance.
2 The variable compensation disclosed for Ms Windsor is the portion that relates to her activities since being appointed a KMP.

4.2 Senior executive statutory compensation disclosures

Name	Year	Fixed: Cash salary[1] $	Fixed: Non-monetary benefits[1,4] $	Fixed: Superannuation contributions[2] $	Variable: Cash payable (Current year)[1] $	Variable: Cash payable (prior years deferred)[3] $	Rights to deferred MCI[5] $	Total benefits $	Total statutory compensation $	Increase/ (decrease) in long service leave provision[3] $
Executive director										
Rohan Mead, Group Managing Director	**2024**	**1,290,887**	**1,000**	**27,399**	**849,700**	**-**	**299,632**	**-**	**2,468,618**	**35,278**
	2023	1,255,252	1,000	25,292	618,000	-	205,628	-	2,105,172	(6,709)
Other executive KMP										
Prudence Bowden (appointed Group Executive - Home Health 12 September 2022)[6]	**2024**	**614,415**	**-**	**26,033**	**447,500**	**-**	**137,396**	**-**	**1,225,344**	**29,958**
	2023	455,890	-	18,969	301,943	-	73,977	-	850,779	11,153
Esther Kerr	**2024**	**763,722**	**1,038**	**27,399**	**435,100**	**-**	**178,460**	**-**	**1,405,719**	**35,448**
	2023	739,657	1,000	25,292	266,000	-	122,288	-	1,154,237	11,244
Darren Mann	**2024**	**608,007**	**-**	**27,399**	**411,300**	**-**	**134,450**	**-**	**1,181,156**	**20,718**
	2023	606,605	-	25,292	276,000	-	92,147	-	1,000,044	6,721
Rebecca Windsor (EGM Insurances, KMP from 25 March 2024)[7]	**2024**	**133,670**	**269**	**6,850**	**66,332**	**-**	**14,579**	**-**	**221,700**	**18,119**
	2023	-	-	-	-	-	-	-	-	-
Executive KMP whose employment ceased in 2024										
Christine Yates (Ceased as Group Executive - Retail on 18 March 2024)	**2024**	**471,169**	**-**	**20,549**	**-**	**-**	**431,172**	**509,876**	**1,432,766**	**(6,620)**
	2023	631,491	-	25,292	150,000	-	100,505	-	907,288	3,646
Executive KMP whose employment ceased in 2023										
Kevin McCoy (ceased as Chief Executive Officer - Independent & Assisted Living 9 September 2022)	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	142,867	192	6,323	-	-	24,443	118,374	292,199	(80,831)
Total	**2024**	**3,881,870**	**2,307**	**135,629**	**2,209,932**	**-**	**1,195,689**	**509,876**	**7,935,303**	**132,901**
	2023	3,831,762	2,192	126,460	1,611,943	-	618,988	118,374	6,309,719	(54,776)

1 Short-terms benefits.
2 Post-employment benefits.
3 Long-term benefits.
4 Non-monetary benefits refers to salary packaged benefits such as motor vehicles, and some health insurance and car parking deductions.
5 Rights to deferred MCI granted under the executive long-term variable compensation scheme are expensed over the performance period, which includes the year to which the grant relates and the subsequent vesting period of the rights.
6 The compensation disclosed for Ms Bowden is the portion that relates to her activities since being appointed a KMP.
7 The compensation disclosed for Ms Windsor is the portion that relates to her activities since being appointed a KMP.

From time-to-time KMP or their close family members may purchase or subscribe to the various products or securities offered by the Group. These transactions are on the same terms and conditions as those applying to other Group employees or customers and are trivial or domestic in nature.

4.3 Performance related compensation statutory table

The table below provides an analysis of the non-performance related fixed compensation and performance related variable compensation components of the compensation mix of executive KMP as detailed in the statutory remuneration table at section 4.2.

Name	Year	Fixed compensation %	Performance related: Cash short-term variable %	Performance related: Deferred short-term variable %	Performance related: Deferred long-term variable %	Performance related: Total performance related %
Executive directors						
Rohan Mead	**2024**	**53**	**35**	**-**	**12**	**47**
	2023	61	29	-	10	39
Other executive KMP						
Prudence Bowden	**2024**	**52**	**37**	**-**	**11**	**48**
	2023	56	35	-	9	44
Esther Kerr	**2024**	**56**	**31**	**-**	**13**	**44**
	2023	66	23	-	11	34
Darren Mann	**2024**	**54**	**35**	**-**	**11**	**46**
	2023	63	28	-	9	37
Rebecca Windsor	**2024**	**63**	**30**	**-**	**7**	**37**
	2023	-	-	-	-	-
Executive KMP whose employment ceased in 2024						
Christine Yates	**2024**	**53**	**-**	**-**	**47**	**47**
	2023	72	17	-	11	28
Executive KMP whose employment ceased in 2023						
Kevin McCoy	**2024**	**-**	**-**	**-**	**-**	**-**
	2023	86	-	-	14	14

4.4 Overview of deferred short-term variable compensation

The following table shows details of deferred variable compensation that has been awarded but which has yet to vest, including their maximum value on vesting

Name	Deferred variable short-term compensation: Date when deferred variable compensation was awarded	Financial year for which the deferred variable compensation will be fully payable	Maximum total value of deferred variable compensation $	Proportion of deferred variable compensation payable %	Proportion of deferred variable compensation not earned %
Executive director					
Rohan Mead	1 September 2021	2025	215,739	-	-
Other executive KMP					
Prudence Bowden	1 September 2021	2025	84,760	-	-
Esther Kerr	1 September 2021	2025	116,435	-	-
Darren Mann	1 September 2021	2025	93,500	-	-
Executive KMP whose employment ceased in 2024					
Christine Yates	1 September 2021	2025	86,250	-	-
Executive KMP whose employment ceased in 2023					
Kevin McCoy[1]	7 September 2022	2024	119,886	100	-
	1 September 2021	2025	122,250	-	-

[1] The deferred short-term variable compensation granted to Mr McCoy prior to his ceasing to be a KMP will be retained until the applicable deferred variable vesting date.

4.5 Overview of deferred long-term variable compensation – rights to deferred MCI

The following table shows details of rights to deferred MCI granted, vested, and forfeited during the year.

Name	Grant date	Granted rights No.	Granted value $	Vested No.	Vested %	Forfeited No.	Forfeited %	Financial year for vesting
Executive director								
Rohan Mead	30 October 2023	4,601	378,662	-	-	-	-	2028
	28 October 2022	4,153	361,269	-	-	-	-	2027
	31 January 2022	911	93,833	-	-	-	-	2026
	31 January 2022	2,733	281,499	-	-	-	-	2025
Other executive KMP								
Prudence Bowden[1]	30 October 2023	2,196	180,731	-	-	-	-	2028
	28 October 2022	2,031	176,677	-	-	-	-	2027
	31 January 2022	386	39,758	-	-	-	-	2026
	31 January 2022	1,158	119,274	-	-	-	-	2025
Esther Kerr	30 October 2023	2,750	226,325	-	-	-	-	2028
	28 October 2022	2,470	214,865	-	-	-	-	2027
	31 January 2022	541	55,723	-	-	-	-	2026
	31 January 2022	1,626	167,478	-	-	-	-	2025
Darren Mann	30 October 2023	2,071	170,443	-	-	-	-	2028
	28 October 2022	1,861	161,888	-	-	-	-	2027
	31 January 2022	408	42,024	-	-	-	-	2026
	31 January 2022	1,225	126,175	-	-	-	-	2025
Rebecca Windsor[2]	30 October 2023	1,466	120,652	-	-	-	-	2028
	28 October 2022	1,241	107,955	-	-	-	-	2027
Executive KMP whose employment ceased in 2024								
Christine Yates[3]	30 October 2023	2,392	196,862	-	-	-	-	2028
	28 October 2022	2,030	176,590	-	-	-	-	2027
	31 January 2022	445	45,835	-	-	-	-	2026
	31 January 2022	1,336	137,608	-	-	-	-	2025
Executive KMP whose employment ceased in 2023								
Kevin McCoy[4]	31 January 2022	185	19,055	-	-	-	-	2026
	31 January 2022	557	57,371	-	-	-	-	2025

There has been no alteration to the terms and conditions of the grants since the grant dates.

[1] The rights granted to Ms Bowden in January 2022 were granted prior to her appointment as a KMP.
[2] The rights granted to Ms Windsor in October 2023 and October 2022 were granted prior to her appointment as a KMP.
[3] The rights granted to Ms Yates prior to her ceasing to be a KMP will be retained until the applicable deferred MCI vesting date.
[4] The rights granted to Mr McCoy prior to his ceasing to be a KMP will be retained until the applicable deferred MCI vesting date.

4.6 Executive KMP MCI holdings

The following table provides details of the number of MCI held (directly and nominally) by each executive KMP of Australian Unity or their related parties (their close family members or any entity they, or their close family members, control or significantly influence).

Name	Balance at the beginning of the year No.	Received during the year on vesting of rights to deferred MCI No.	Other changes during the year No.	Balance at the end of the year No.
Executive director				
Rohan Mead, Group Managing Director	2,000	-	2,500	4,500
Other executive KMP				
Prudence Bowden	-	-	-	-
Esther Kerr	-	-	-	-
Darren Mann	100	-	69	169
Rebecca Windsor	100	-	-	100

4.7 Employment arrangements

The following table provides the prescribed details in relation to the relevant executives' contract terms.

Name	Contract type[1]	Employee initiated notice period	Employer initiated notice period[2]	Termination benefits[3]
Rohan Mead	Permanent	6 months	12 months	none
Prudence Bowden	Permanent	6 months	6 months	none
Esther Kerr	Permanent	6 months	6 months	none
Darren Mann	Permanent	6 months	6 months	none
Rebecca Windsor	Permanent	3 months	3 months	none

[1] A permanent contract continues until notice is given by either party.
[2] Payment in lieu of notice may be made and the Group's redundancy policies may also apply.
[3] Entitlement to variable remuneration is set out in sections 2 and 2.5 above.

Section 5 - Non-Executive Directors' Compensation

5.1 Fee policy and pool

Australian Unity's constitution and board charter require that directors meet a variety of standards to be eligible to remain directors of the board. These include meeting stringent 'fit and proper' standards under legislation and prudential standards. The constitution also provides that non-executive directors are to be paid fees (compensation) for their services as directors, subject to the aggregate fees not exceeding the annual sum last approved at a general meeting.

Non-executive director fees are reviewed annually by the board considering the duties, responsibilities and demands on directors, organisation performance, trends, industry standards and fees paid by comparable organisations. No variable compensation or options are payable to non-executive directors.

Members last approved an increase in the aggregate fees payable to non-executive directors at the 2023 annual general meeting on 25 October 2023. At that meeting members approved the sum of up to $2.2 million in aggregate fees per financial year. This increase in the sum approved took effect from 1 January 2024.

The total directors' fees for the year ended 30 June 2024 was $1.67 million.

Details of individual non-executive director allowances, payments and entitlements are set out in following tables.

5.2 Non-executive director compensation

		Fixed			
Name	**Year**	**Cash fees[1] $**	**Non-monetary benefits[1,3] $**	**Superannuation contributions[2] $**	**Total compensation $**
Chair					
Lisa Chung, Chair	**2024**	**357,216**	**1,000**	**27,399**	**385,615**
	2023	296,511	231	23,136	319,878
Other non-executive directors					
Melinda Cilento, Deputy chair	**2024**	**173,250**	**-**	**19,077**	**192,327**
	2023	171,946	-	18,054	190,000
Lucinda Brogden	**2024**	**173,250**	**-**	**19,077**	**192,327**
	2023	143,509	-	15,068	158,577
Kim Cheater (appointed 1 March 2024)	**2024**	**74,324**	**-**	**8,176**	**82,500**
	2023	-	-	-	-
Paul Kirk	**2024**	**173,250**	**-**	**19,077**	**192,327**
	2023	211,443	-	22,176	233,619
Su McCluskey	**2024**	**173,648**	**-**	**16,483**	**190,131**
	2023	174,416	-	15,584	190,000
Helen Nott	**2024**	**213,964**	**-**	**23,536**	**237,500**
	2023	147,363	-	15,468	162,831
Julien Playoust	**2024**	**173,250**	**-**	**19,077**	**192,327**
	2023	172,918	-	18,054	190,972
Non-executive directors who ceased in 2023					
Peter Promnitz (retired 26 October 2022)	**2024**	**-**	**-**	**-**	**-**
	2023	113,234	307	9,618	123,159
Gregory Willcock (retired 7 September 2022)	**2024**	**-**	**-**	**-**	**-**
	2023	32,074	192	3,368	35,634
Total non-executive director remuneration	**2024**	**1,512,152**	**1,000**	**151,902**	**1,665,054**
	2023	1,463,414	730	140,526	1,604,670

[1] Short-term benefits.
[2] Post-employment benefits.
[3] Non-monetary benefits refer to salary packaged benefits such as health insurance.

In addition to the amounts above, Mr. Willcock received director fees from Australian Unity Investments Real Estate Limited (AURIEL), a related entity, during the relevant periods.

Mr. Willcock was specifically appointed as a director of AURIEL by reference to his capacity to facilitate AUIREL's fulfilment of its duties as a responsible entity of a listed investment scheme. As such, the fees paid to Mr. Willcock are for his skills and experience in his capacity as a director of AUIREL and are not referable to his role as a director of the Company.

		Fixed		
Name	**Year**	**Cash fees[1] $**	**Superannuation contributions[2] $**	**Total remuneration $**
Non-executive directors				
Gregory Willcock *(retired 7 September 2022)*	2023[3]	16,533	1,736	18,269

[1] Short-term benefits
[2] Post-employment benefits
[3] Mr Willcock retired as an Australian Unity KMP on 7 September 2022 but remains a director of AUIREL.

5.3 Non-executive director MCI holdings

The following table provides details of the number of MCI held (directly and nominally) by each non-executive director of Australian Unity or their related parties (their close family members or any entity they, or their close family members, control or significantly influence).

Name	Balance at the beginning of the year No.	Changes during the year No.	Balance at the end of the year No.
Chair			
Lisa Chung	750	250	1,000
Other non-executive directors			
Lucinda Brogden	-	-	-
Melinda Cilento	-	-	-
Paul Kirk	-	-	-
Su McCluskey	1,600	534	2,134
Helen Nott	-	-	-
Julien Playoust	-	-	-
Kim Cheater	-	-	-

Independent remuneration adviser's report

Guerdon Associates
Remuneration & Governance
a GECN GROUP company

27 August 2024

Ms Melinda Cilento
Chair of the People, Culture and Remuneration Committee
Australian Unity Limited
271 Spring Street
Melbourne VIC 3000

Dear Ms Cilento,

The General Counsel, Company Secretary and Chief Risk Officer of Australian Unity Limited engaged Guerdon Associates to undertake a high-level review of Australian Unity's remuneration arrangements in respect of key management personnel ("KMP"), including executives and non-executive directors (NEDs), having regard for any material changes that may have occurred during the year and movements in the market.

We did not carry out a comprehensive benchmarking of market remuneration. Guerdon Associates reviewed the most recent remuneration policies and practices, and compared AUL KMP remuneration with most recent disclosures of similar and comparable companies in Guerdon Associates' director and executive remuneration database to determine the extent to which the remuneration is reasonable.

AUL board fees were increased on 1 January 2024, following member's approval for increase in non-executive director remuneration cap at the 2023 AGM. The FY24 NED fees paid are positioned within the member-approved fee pool. The overall remuneration, considering the absence of committee and subsidiary board fees, is not excessive.

No material increases were made during FY24 to executive fixed remuneration. The increases were considered reasonable in the context of market conditions and the high inflation environment. The maximum short-term incentive (STI) and maximum long-term incentive (LTI) opportunities as a percentage of fixed remuneration were unchanged and are not excessive when compared to market practices.

The advice provided by Guerdon Associates does not constitute a "remuneration recommendation" for the purposes of section 9B of the *Corporations Act 2001* as our work relates to the provision of information and data on market practices and the above statements of advice. We confirm that all advice was provided directly to the Chair of the People, Culture and Remuneration Committee and provided free from undue influence of the members of the KMP that the advice related to.

Yours sincerely

PJ Sneddon
Principal

Guerdon Associates Pty Ltd ABN 47 618 560 991
Level 7, 261 George Street, Sydney NSW 2000 – Tel +61 2 9270 2900 Fax +61 2 9270 2999
Level 4, 454 Collins Street, Melbourne VIC 3000 – Tel +61 3 9600 0295 Fax +61 3 9670 0936

Financial statements

The financial statements are consolidated financial statements of the Group consisting of Australian Unity Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Australian Unity Limited is a company limited by shares and guarantee, however, no shares have been issued. The Company is incorporated and domiciled in Australia and its registered office and principal place of business is:

271 Spring Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 27 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 28 August 2024.

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Notes	2024 $'000	2023 Restated* $'000
Insurance revenue			
Insurance revenue	2	**703,823**	703,259
Benefit funds insurance revenue	2	**15,247**	14,607
		719,070	717,866
Insurance expense			
Insurance service expenses	4	**(651,461)**	(652,060)
Insurance finance income/(expense) from insurance contracts issued	6	**(199)**	135
Benefit funds insurance service expenses	4	**(15,048)**	(14,358)
Benefit funds insurance finance income/(expense) from insurance contracts issued	6	**(24,465)**	(12,613)
Net insurance income		**27,897**	38,970
Other revenue and other income	3	**1,117,371**	872,968
Benefit funds other income	3	**336,541**	162,294
Other expenses, excluding finance costs	4	**(1,141,946)**	(867,808)
Benefit funds other expenses	4	**(230,116)**	(115,845)
Operating profit		**109,747**	90,579
Finance costs	5	**(74,637)**	(50,032)
Share of net gain/(loss) of joint ventures		**(235)**	2,797
Profit before income tax		**34,875**	43,344
Income tax expense	8	**(58,144)**	(24,958)
Profit/(loss) from continuing operations		**(23,269)**	18,386
Profit/(loss) from discontinued operation	32	**528**	(10,800)
Profit/(loss) for the year		**(22,741)**	7,586
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges	25(a)	**(11,984)**	(1,544)
Income tax relating to this item	25(a)	**3,595**	463
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	25(a)	**(133)**	38
Other comprehensive income for the year, net of tax		**(8,522)**	(1,043)
Total comprehensive income for the year		**(31,263)**	6,543
Profit/(loss) for the year is attributable to:			
Members of Australian Unity Limited		**(22,741)**	7,586
Total comprehensive income for the year is attributable to:			
Members of Australian Unity Limited		**(31,263)**	6,543
Total comprehensive income for the year attributable to members of Australian Unity Limited arises from:			
Continuing operations		**(31,791)**	17,343
Discontinued operation		**528**	(10,800)
		(31,263)	6,543

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

* Refer to notes 40(d) and 41 for details regarding the restatement made to reflect the retrospective application of AASB 17 *Insurance Contracts*. Comparative information has also been represented due to a discontinued operation and a change in classification. Refer to notes 32 and 40(c) respectively.

Two subsidiaries of the Company, Lifeplan Australia Friendly Society Limited (LAFS) and Australian Unity Life Bonds Limited (AULBL), are friendly societies in accordance with the *Life Insurance Act 1995*. The funds of LAFS and AULBL and any trusts consolidated by those funds, are treated as benefit funds. These are required to be consolidated for statutory purposes and have a net nil impact on profit and loss. The combined business had Revenue of $324,603,000, Expenses of $231,678,000, Insurance finance expenses of $21,018,000 and income tax of $26,255,000 for the year ended 30 June 2024 (for the year ended 30 June 2023: Revenue of $176,901,000, Expenses of $130,203,000, Insurance finance expenses of $12,613,000 and income tax of $34,085,000).

Consolidated balance sheet

As at 30 June 2024

	Notes	2024 $'000	2023 Restated* $'000	2022 Restated* $'000
ASSETS				
Current assets				
Cash and cash equivalents	9	**965,568**	1,004,257	1,086,445
Trade and other receivables		**162,111**	80,874	97,897
Current tax assets		**6,496**	37,291	6,949
Loans and advances	10	**30,024**	23,575	28,793
Financial assets at fair value through profit or loss	11	**3,598,761**	2,238,763	2,024,638
Other financial assets at amortised cost	12	**77,254**	52,858	70,505
Other current assets		**30,856**	33,625	29,717
Total current assets		**4,871,070**	3,471,243	3,344,944
Non-current assets				
Loans and advances	10	**1,403,295**	1,129,283	1,083,019
Financial assets at fair value through profit or loss	11	**161,417**	158,686	122,347
Investments in associates and joint ventures		**16,684**	20,311	18,655
Investment properties	17	**2,244,905**	2,024,336	1,904,376
Property, plant and equipment	18	**518,569**	503,686	490,028
Right-of-use assets	19	**94,381**	97,137	109,881
Intangible assets	20	**621,421**	353,100	362,439
Other non-current assets		**26,438**	36,506	38,534
Total non-current assets		**5,087,110**	4,323,045	4,129,279
Total assets		**9,958,180**	7,794,288	7,474,223
LIABILITIES				
Current liabilities				
Trade and other payables		**175,284**	143,756	145,620
Borrowings	13	**1,615,199**	1,291,353	1,269,940
Lease liabilities	19	**26,388**	15,979	17,306
Provisions	21	**92,455**	72,992	67,183
Other current liabilities	15	**2,203,623**	1,859,966	1,753,680
Health insurance contract policy liabilities	14(a)	**140,106**	137,168	132,465
Benefit fund insurance contract policy liabilities	14(b)	**83,698**	79,245	85,341
Benefit fund investment contract policy liabilities	39	**289,581**	178,561	165,810
Total current liabilities		**4,626,334**	3,779,020	3,637,345
Non-current liabilities				
Borrowings	13	**467,959**	388,209	375,056
Lease liabilities	19	**87,415**	99,999	108,977
Deferred tax liabilities	22	**163,633**	102,357	42,350
Provisions		**28,335**	24,814	21,110
Benefit fund insurance contract policy liabilities	14(b)	**780,406**	683,375	715,011
Benefit fund investment contract policy liabilities	39	**2,558,153**	1,539,836	1,389,199
Total non-current liabilities		**4,085,901**	2,838,590	2,651,703
Total liabilities		**8,712,235**	6,617,610	6,289,048
Net assets		**1,245,945**	1,176,678	1,185,175
EQUITY				
Members' balances		**255,919**	255,919	255,919
Mutual Capital Instruments	23	**457,038**	342,127	342,127
Reserves	25(a)	**24,349**	30,035	28,948
Retained earnings	25(b)	**508,639**	548,597	558,181
Equity attributable to members of Australian Unity Limited		**1,245,945**	1,176,678	1,185,175
Total equity		**1,245,945**	1,176,678	1,185,175

The above Consolidated balance sheet should be read in conjunction with the accompanying notes.

* Refer to notes 40(d) and 41 for details regarding the restatement made to reflect the retrospective application of AASB 17 *Insurance Contracts*. Comparative information has also been represented due to a discontinued operation and a change in classification. Refer to notes 32 and 40(c) respectively.

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Notes	Members' balances $'000	Mutual Capital Instruments $'000	Reserves $'000	Retained earnings* $'000	Total equity $'000
Balance at 1 July 2022		255,919	342,127	28,948	520,687	1,147,681
Adjustment on initial application of AASB 17, net of tax	41(c)	-	–	-	37,494	37,494
Restated balance as at 1 July 2022		255,919	342,127	28,948	558,181	1,185,175
Restated total comprehensive income for the year						
Restated profit for the year		-	-	-	7,586	7,586
Other comprehensive income						
- Cash flow hedges	25(a)	-	-	(1,081)	-	(1,081)
- Post-employment benefits	25(a)	-	-	38	-	38
Total restated comprehensive income		-	-	(1,043)	7,586	6,543
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	23	-	-	-	(17,170)	(17,170)
MCI-based payments	25(a)	-	-	2,130	-	2,130
		-	-	2,130	(17,170)	(15,040)
Restated balance at 30 June 2023		255,919	342,127	30,035	548,597	1,176,678

	Notes	Members' balances $'000	Mutual Capital Instruments $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2023		**255,919**	**342,127**	**30,035**	**548,597**	**1,176,678**
Mutual Capital Instruments issued	23	**-**	**114,911**	**-**	**-**	**114,911**
Total comprehensive income for the year						
Loss for the year		**-**	**-**	**-**	**(22,741)**	**(22,741)**
Other comprehensive income						
- Cash flow hedges	25(a)	**-**	**-**	**(8,389)**	**-**	**(8,389)**
- Post-employment benefits	25(a)	**-**	**-**	**(133)**	**-**	**(133)**
Total comprehensive income				**(8,522)**	**(22,741)**	**(31,263)**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	23	**-**	**-**	**-**	**(17,217)**	**(17,217)**
MCI-based payments	25(a)	**-**	**-**	**2,736**	**-**	**2,736**
Subsidiary share option payments	25(a)	**-**	**-**	**100**	**-**	**100**
				2,836	**(17,217)**	**(14,381)**
Balance at 30 June 2024		**255,919**	**457,038**	**24,349**	**508,639**	**1,245,945**

* Refer to notes 40(d) and 41 and for details regarding the restatement made to reflect the retrospective application of AASB 17 *Insurance Contracts.*

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

Consolidated statement of cash flows

For the year ended 30 June 2024

	Notes	2024 $'000	2023 restated $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,492,051**	698,886
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,432,068)**	(815,674)
Health insurance premiums received		**690,486**	684,067
Health insurance claims and insurance service expenses paid		**(650,428)**	(639,828)
Benefit fund investment contracts - contributions received		**333,845**	238,824
Benefit fund investment contracts - withdrawals		**(238,447)**	(176,888)
Benefit fund insurance contracts - premiums received		**40,621**	38,995
Benefit fund insurance contracts - claims and insurance service paid		**(92,880)**	(79,293)
Net payments of loan assets		**(275,476)**	(41,831)
Net receipts of deposits liability		**279,592**	72,529
Interest received		**94,313**	60,484
Dividends and distributions received		**22,350**	17,934
Interest and finance charges paid		**(103,936)**	(55,493)
Income tax refunds/(payments)		**46,071**	(322)
Net cash inflow from operating activities	26	**206,094**	2,390
Cash flows from investing activities			
Payments for business acquisitions, net of cash receipts		**(123,930)**	(193)
Payments for investments		**(1,086,177)**	(956,769)
Payments for investment properties		**(172,696)**	(143,372)
Payments for property, plant and equipment		**(43,486)**	(20,218)
Payments for intangible assets		**-**	(9,301)
Receipts from investments		**737,851**	890,620
Proceeds from sale of business component		**9,605**	16,009
Proceeds from sale of investment properties		**-**	49,813
Proceeds from disposal of property, plant and equipment		**5,319**	3,245
Net cash outflow from investing activities		**(673,514)**	(170,166)
Cash flows from financing activities			
Receipts from Mutual Capital Instruments (MCI) issues, net of issuance costs		**115,011**	-
Receipts from borrowings		**193,230**	-
Net receipts from refundable lease deposits and resident liabilities		**203,354**	141,704
Payments of borrowings		**(65,647)**	(38,946)
Payments of MCI dividend		**(17,217)**	(17,170)
Net cash inflow from financing activities		**428,731**	85,588
Net decrease in cash and cash equivalents		**(38,689)**	(82,188)
Cash and cash equivalents at the beginning of the year		**1,004,257**	1,086,445
Cash and cash equivalents at the end of the year	9	**965,568**	1,004,257
Cash flows from discontinued operation	32	**6,896**	373

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

Notes to the consolidated financial statements

How the numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of Australian Unity Limited and the entities it controlled (the Group).

1 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Executive Committee that are used to make strategic decisions including the allocation of resources and to assess the performance of an operating segment. For management reporting purposes, the Group is organised into four customer-facing business platforms which are Home Health, Retail, Residential Aged Care and Wealth & Capital Markets; and the Corporate functions. The table below summarises the reportable operating segments.

Home Health	Provision of home care and health services.
Retail	Provision of private health insurance, banking and distribution of general insurance products.
Residential Aged Care	Owns and operates residential aged care facilities.
Wealth & Capital Markets	Management of investment funds in property, mortgages, Australian equities, international equities, fixed interest and bonds, social infrastructure and the provision of trustee services. Owns and operates retirement villages.
Corporate functions	Provision of shared services, fraternal activities, management of properties and other strategic investments and group liquidity.

(b) Segment information

The segment information provided to the Group Executive Committee for the reportable segments for the year ended 30 June 2024 is as follows:

	Home Health $'000	Retail $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate functions* $'000	Total $'000
2024						
Continuing operations						
Revenue from external customers	582,632	769,243	208,663	232,498	2,003	1,795,039
Inter-segment revenue	4,073	(4,073)	-	-	-	-
Total segment revenue	586,705	765,170	208,663	232,498	2,003	1,795,039
Other income	-	-	-	-	6,196	6,196
Adjusted EBITDA from continuing operations	50,481	57,206	38,761	45,490	(116,170)	75,768
Depreciation and amortisation						(63,840)
Interest expense						(74,620)
Investment income						25,492
Other expenses						(10,084)
Income tax benefit						24,015
Loss from continuing operations						(23,269)
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						(236)
Total segment assets include:						
Income producing assets	62,922	2,027,963	21,571	120,981	253,214	2,486,651
Working capital assets	96,585	25,015	25,592	50,210	17,105	214,507
Non-interest bearing assets	502,670	10,582	340,305	991,008	180,827	2,025,392
Total segment assets	662,177	2,063,560	387,468	1,162,199	451,146	4,726,550
Total segment liabilities include:						
Borrowings and net inter-segment lending	270,140	1,560,341	367,931	309,867	282,660	2,790,939
Working capital liabilities	213,558	161,776	28,455	(172,846)	55,733	286,676
Non-interest bearing liabilities	18,520	18,008	31,652	320,111	14,699	402,990
Total segment liabilities	502,218	1,740,125	428,038	457,132	353,092	3,480,605

* Corporate function costs are recorded centrally and then allocated to individual business units through shared services. Shared services costs are excluded from the Adjusted EBITDA per the definition in note 1(c)(ii).

The segment information provided to the Group Executive Committee for the reportable segments for the year ended 30 June 2023 is as follows (noting that the segments have been reclassified to be consistent with those applicable in the 2024 financial period):

	Home Health $'000	Retail $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate functions* $'000	Total $'000
2023 (restated)						
Continuing operations						
Revenue from external customers	413,608	745,950	168,097	207,102	1,069	1,535,826
Inter-segment revenue	1,888	(1,888)	-	-	-	-
Total segment revenue	415,496	744,062	168,097	207,102	1,069	1,535,826
Other income*	-	-	-	-	17,799	17,799
Adjusted EBITDA from continuing operations*	45,352	58,453	23,258	46,149	(80,097)	93,115
Depreciation and amortisation						(53,236)
Interest expense						(50,045)
Investment income						22,945
Other expenses						(3,520)
Income tax benefit						9,127
Profit from continuing operations						18,386
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						2,797
Total segment assets include:						
Income producing assets	67,329	1,806,308	51,638	77,007	215,118	2,217,400
Working capital assets	36,442	18,072	9,083	109,547	83,647	256,791
Non-interest bearing assets	280,575	10,502	300,984	1,034,217	192,126	1,818,404
Discontinued operation	-	-	-	32,747	-	32,747
Total segment assets	384,346	1,834,882	361,705	1,253,518	490,891	4,325,342
Total segment liabilities include:						
Borrowings and net inter-segment lending	79,501	1,289,125	339,419	327,349	275,759	2,311,153
Working capital liabilities	118,993	159,920	8,762	153,677	55,824	497,176
Non-interest bearing liabilities	17,617	17,016	35,464	224,152	32,717	326,966
Discontinued operation	-	-	-	13,369	-	13,369
Total segment liabilities	216,111	1,466,061	383,645	718,547	364,300	3,148,664

* Based on the measures reported internally to the Group Executive Committee, Other income and Adjusted EBITDA of Corporate functions included a gain of $17,799,000 arising from the sale of a business component that operates dental practices which is not a separate major line of the Group's business.

(c) Other segment information

Management monthly reports exclude information relating to the benefit funds that are managed by the Group, as the revenues, expenses, assets and liabilities of benefit funds are not attributable to the members of the Group. In accordance with AASB 10 *Consolidated Financial Statements* the revenues, expenses, assets and liabilities of benefit funds managed by the Group are included in the consolidated financial statements.

Management monthly reports present investment property on a net basis with resident liabilities and refundable accommodation deposits of the Aged Care residents. In accordance with AASB 101 *Presentation of Financial Statements*, these items are disclosed on a gross basis within the consolidated financial statements.

(i) Segment revenue

Revenue transactions between segments are carried out at arm's length and eliminated on consolidation. The revenue from external parties reported to management is measured in a manner consistent with that in the profit or loss, except for dividends and distributions and other net investment gains/(losses) which are presented below the Adjusted EBITDA line. Included in the Retail segment revenue from external customers is the Australian Unity Bank's interest income on external loans and advances.

Segment revenue reconciles to total revenue as follows:

	2024 $'000	2023 Restated $'000
Total segment revenue	**1,795,039**	1,535,826
Dividends and distributions (note 3)	**21,158**	18,090
Loss on investments in financial instruments (note 3)	**(13,701)**	(4,461)
Other interest income (note 3)	**18,282**	9,366
Gain on sale of business component	**6,196**	17,799
Management fee rebate reclassification	**(4,770)**	(4,150)
Other	**(1,010)**	3,757
Revenue and other income attributable to members of Australian Unity Limited	**1,821,194**	1,576,227
Benefit funds insurance revenue (note 2)	**15,247**	14,607
Benefit funds other income (note 3)	**336,541**	162,294
Total revenue and other income	**2,172,982**	1,753,128

(ii) Adjusted EBITDA

Management assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis excludes the effects of tax, depreciation and amortisation, interest expense and investment income. It also excludes discontinued operations, material non-recurring expenditure and shared services costs.

A reconciliation of Adjusted EBITDA to operating profit before income tax from continuing operations is provided as follows:

	2024 $'000	2023 Restated $'000
Adjusted EBITDA from continuing operations	**75,768**	93,115
Depreciation and amortisation expense:		
Depreciation and amortisation expense (note 4)	**(58,521)**	(53,236)
Impairment of assets	**(5,319)**	-
	(63,840)	(53,236)
Interest expense		
Finance costs (note 5)	**(74,637)**	(50,032)
Other	**17**	(13)
	(74,620)	(50,045)
Investment income:		
Dividend and distribution income (note 3)	**21,158**	18,090
Loss on investments in financial instruments (note 3)	**(13,701)**	(4,461)
Other interest income (note 3)	**18,282**	9,366
Impairment of joint venture	**-**	(737)
Other	**(247)**	687
	25,492	22,945
Other income/(expenses):		
Merger and acquisition expenses	**(6,887)**	-
Other	**(3,197)**	(3,520)
	(10,084)	(3,520)
Profit before income tax and benefit funds from continuing operations attributable to members of Australian Unity Limited	**(47,284)**	9,259
Profit before income tax of benefit funds	**82,159**	34,085
Profit before income tax from continuing operations	**34,875**	43,344

(iii) Segment assets

Segment assets are split into four categories: income producing, working capital, non-interest bearing assets and discontinued operations. Income producing assets include cash and investments including those held in funds managed by related entities. Working capital assets include trade debtors, inventory, reinsurance receivables, and inter entity trading. Non-interest bearing assets include property, plant and equipment, investment property, intangible assets, investments in associates and joint ventures, intercompany investments and other non-current assets.

The total assets reported to management are measured in a manner consistent with the amounts in these financial statements, except for investment property which is presented on a net basis of investment property, resident liabilities and refundable accommodation deposits. All assets are allocated based on the operations of the segment.

Reportable segment assets are reconciled to total assets as follows:

	2024 $'000	2023 Restated $'000
Segment assets	**4,726,550**	4,325,342
Resident assets and refundable accommodation deposits	**1,653,069**	1,190,766
Retirement Village Property Fund consolidation	**73,971**	86,508
Netting of eligible deferred tax balances	**(246,812)**	(207,202)
Netting of inter-segment loan balances	**(372)**	(90,140)
Other reclassifications between assets and liabilities	**13,582**	(1,069)
Total assets attributable to members of Australian Unity Limited	**6,219,988**	5,304,205
Benefit fund assets	**3,773,983**	2,492,515
Netting of eligible deferred tax balances	**(35,791)**	(2,432)
Total assets	**9,958,180**	7,794,288

(iv) Segment liabilities

Segment liabilities are split into four categories: borrowings, working capital, non-interest bearing liabilities and discontinued operations. Borrowings include those held externally and also inter-entity lending. Working capital liabilities include trade creditors, claims and other payables, current provisions and other liabilities and unearned income. Non-interest bearing liabilities include non-current provisions and resident ingoing fees.

The total liabilities reported to management are measured in a manner consistent with the amounts in these financial statements, except for resident liabilities and refundable lease deposits which are managed on a net basis with investment property and included in segment assets. These liabilities are allocated based on the operations of the segment.

Reportable segment liabilities are reconciled to total liabilities as follows:

	2024 $'000	2023 Restated $'000
Segment liabilities	**3,480,605**	3,148,664
Resident liabilities and refundable accommodation deposits	**1,653,069**	1,190,766
Retirement Village Property Fund consolidation	**73,971**	86,508
Netting of eligible deferred tax balances	**(246,812)**	(207,202)
Netting of inter-segment loan balances	**(372)**	(90,140)
Other reclassifications between assets and liabilities	**13,582**	(1,069)
Total liabilities attributable to members of Australian Unity Limited	**4,974,043**	4,127,527
Benefit fund policy liabilities (note 39)	**3,711,838**	2,480,494
Benefit fund other liabilities	**62,145**	12,021
Netting of eligible deferred tax balances	**(35,791)**	(2,432)
Total liabilities	**8,712,235**	6,617,610

2 Insurance revenue

The following tables present an analysis of the insurance revenue recognised in the period:

	Health insurance contracts issued $'000	Benefit fund insurance contracts issued $'000	Total $'000
Year ended 30 June 2024			
Contracts not measured under the Premium Allocation Approach (PAA)			
Amounts relating to changes in Liability for Remaining Coverage (LRC)			
- Expected incurred claims and other insurance service expenses	-	2,887	2,887
- Change in risk adjustment for non-financial risk for risk expired	-	14	14
- Contractual Service Margin (CSM) recognised for services provided	-	12,346	12,346
- Others	-	-	-
Recovery of insurance acquisition cash flows	-	-	-
Sub-total	-	15,247	15,247
Management of benefit funds	-	13,287	13,287
Contracts measured under the PAA	690,536	-	690,536
Total insurance revenue	690,536	28,534	719,070

	Health insurance contracts issued $'000	Benefit fund insurance contracts issued $'000	Total $'000
Year ended 30 June 2023 (restated)			
Contracts not measured under the PAA			
Amounts relating to changes in LRC			
- Expected incurred claims and other insurance service expenses	-	2,923	2,923
- Change in risk adjustment for non-financial risk for risk expired	-	16	16
- CSM recognised for services provided	-	11,628	11,628
- Others	-	40	40
Recovery of insurance acquisition cash flows	-	-	-
Sub-total	-	14,607	14,607
Management of benefit funds	-	12,858	12,858
Contracts measured under the PAA	690,401	-	690,401
Total insurance revenue	690,401	27,465	717,866

3 Other revenue and other income

The Group operates in Australia and generates revenue through its business platforms that operate private health insurance, banking services, retirement communities, aged care facilities, home care services, health services, investment funds management, financial planning, estate planning and trustee services. As the Group operates diverse businesses, it adopts different accounting standards for revenue recognition as applicable to each category of revenue.

The following is other revenue and other income from continuing operations:

	2024 $'000	2023 Restated $'000
Revenue from services		
Residential aged care and home health services, and other fees	469,240	337,932
Government grants and subsidies funding aged care, home care services	274,642	223,631
Management and performance fees revenue	98,784	89,706
Brokerage and commission	7,315	6,450
Healthcare services revenue	49,792	62,001
	899,773	719,720
Interest income from banking business	74,401	52,070
Investment Earnings		
Fair value gains on investment property	46,807	37,057
Dividends and distributions	21,158	18,090
Other interest income	18,282	9,366
Loss on investments in financial instruments	(13,701)	(4,461)
	72,546	60,052
Other income	70,651	41,126
Total other revenue and other income	1,117,371	872,968
Benefit funds other income	336,541	162,294

(a) Other income

In the 2024 financial year, Other income included a gain of $6,196,000 arising from the sale of a business component that operates as a Responsible Entity.

In the 2023 financial year, Other income included a gain of $17,799,000 arising from the sale of a business component that operates dental practices (Australian Unity Health Care Pty Ltd) which is not a separate major line of the Group's business.

(b) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is prepared based on the customer type and contract type for each of the operating segments, as this is considered to depict how the nature, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The majority of the Group's other revenue is fee for service and is recognised over the time when the services are rendered. All other revenue streams are recognised over time as the services are provided.

Disaggregation of revenue from services for each business segment for the year ended 30 June 2024 and reconciliation of other revenue and other income to other revenue from external customers in segment reporting are presented in the below table:

2024	Home Health $'000	Retail $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate functions $'000	Total $'000
Revenue from services						
Residential aged care and home health services, and other fees	369,103	-	89,292	10,845	-	469,240
Government grants and subsidies funding aged care, home care services	159,264	-	115,378	-	-	274,642
Management and performance fees revenue	-	-	-	98,539	245	98,784
Brokerage and commission	-	2,910	-	4,405	-	7,315
Healthcare services revenue	49,792	-	-	-	-	49,792
	578,159	2,910	204,670	113,789	245	899,773
Interest income from banking business	-	74,401	-	-	-	74,401
Investment earnings						
Fair value gains on investment property	-	-	-	46,807	-	46,807
Dividends and distributions	-	15,352	112	1,695	3,999	21,158
Other interest income	4,299	1,739	2,843	2,925	6,476	18,282
Gain/(loss) on investments in financial instruments	-	(1,215)	-	(1,448)	(11,038)	(13,701)
	4,299	15,876	2,955	49,979	(563)	72,546
Benefit funds other income	-	-	-	336,541	-	336,541
Other income	4,363	635	3,882	54,499	7,272	70,651
Other revenue and other income from continuing operations	586,821	93,822	211,507	554,808	6,954	1,453,912
Reconciliation to other revenue from external customers in segment reporting						
Items added to/(excluded from) the segment other revenue						
Dividends and distributions	-	(15,352)	(112)	(1,695)	(3,999)	(21,158)
Insurance revenue (note 2)	-	690,536	-	13,287	-	703,823
Other investment income	(4,299)	(524)	(2,843)	(1,477)	4,562	(4,581)
Income - profit on sale of business component	-	-	-	-	(6,196)	(6,196)
Benefit funds other income	-	-	-	(336,541)	-	(336,541)
Other items included in Adjusted EBITDA	110	761	111	4,116	682	5,780
	(4,189)	675,421	(2,844)	(322,310)	(4,951)	341,127
Other revenue from external customers in segment reporting	582,632	769,243	208,663	232,498	2,003	1,795,039

2023 (restated)	Home Health $'000	Retail $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate functions $'000	Total $'000
Revenue from services						
Residential aged care and home health services, and other fees	217,370	-	71,321	49,241	-	337,932
Government grants and subsidies funding aged care, home care services	142,285	-	81,346	-	-	223,631
Management and performance fees revenue	-	-	-	89,906	(200)	89,706
Brokerage and commission	-	2,759	-	3,691	-	6,450
Healthcare services revenue	51,032	-	10,969	-	-	62,001
	410,687	2,759	163,636	142,838	(200)	719,720
Interest income from banking business	-	52,070	-	-	-	52,070
Investment earnings						
Fair value gains on investment property	-	-	-	37,057	-	37,057
Dividends and distributions	-	12,209	8	2,472	3,401	18,090
Other interest income	2,203	2,474	1,057	1,041	2,591	9,366
Gain/(loss) on investments in financial instruments	-	(1,047)	-	(4,139)	725	(4,461)
	2,203	13,636	1,065	36,431	6,717	60,052
Benefit funds other income	-	-	-	162,294	-	162,294
Other income	2,897	1,219	4,453	13,372	19,185	41,126
Other revenue and other income from continuing operations	415,787	69,684	169,154	354,935	25,702	1,035,262
Reconciliation to other revenue from external customers in segment reporting						
Items added to/(excluded from) the segment other revenue						
Dividends and distributions	-	(12,209)	(8)	(2,472)	(3,401)	(18,090)
Insurance revenue (note 2)	-	690,401	-	12,858	-	703,259
Other investment income	(2,203)	(1,427)	(1,057)	3,098	(3,316)	(4,905)
Other income - profit on sale of Dental business	-	-	-	-	(17,799)	(17,799)
Other	24	(499)	8	977	(117)	393
Benefit funds other income	-	-	-	(162,294)	-	(162,294)
	(2,179)	676,266	(1,057)	(147,833)	(24,633)	500,564
Other revenue from external customers in segment reporting	413,608	745,950	168,097	207,102	1,069	1,535,826

4 Expenses, excluding finance costs

(a) Expenses and other expenses, excluding finance costs, from continuing operations classified by nature are as follows:

	2024 $'000	2023 Restated $'000
Client care costs	153,501	75,701
Commission expense	18,928	16,263
Computer and equipment costs	66,597	53,898
Depreciation and amortisation expense	58,521	53,236
Employee benefits expense	725,435	598,938
Expenses in relation to benefit funds	245,164	130,203
Fund manager and administration fees	26,178	16,371
Health insurance claims expense	651,825	632,584
Health insurance claims recoveries - Net Risk Equalisation Special Account	(101,926)	(83,805)
Impairment of assets	5,319	737
Interest expense of bank	48,509	27,206
Legal and professional fees	44,073	35,531
Marketing expenses	17,580	17,387
Occupancy costs	33,199	28,438
Other expenses	45,668	47,383
	2,038,571	1,650,071
Depreciation and amortisation		
Depreciation of property, plant and equipment	23,832	16,203
Depreciation of right-of-use assets	13,839	14,652
Amortisation of intangible assets	20,850	22,381
	58,521	53,236

(b) Expenses and other expenses, excluding finance costs, from continuing operations identified between insurance service expenses and other expenses are as follows:

	2024 $'000	2023 Restated $'000
Insurance service expenses		
- Health insurance*	647,733	648,865
- Management of benefit funds	3,728	3,195
- Benefit funds	15,048	14,358
	666,509	666,418
Other expenses, excluding finance costs	1,141,946	867,808
Benefit funds other expenses	230,116	115,845
	1,372,062	983,653
	2,038,571	1,650,071

*The insurance service fee includes an allocation across expenses in note 4(a).

5 Finance costs

	2024 $'000	2023 $'000
Interest and finance charges on borrowings	27,058	16,792
Interest on leases and related accounts	47,579	33,240
Other finance costs expensed	74,637	50,032

6 Total investment income and insurance finance income/(expenses) from insurance contracts issued

The tables below present analysis of the total investment income and insurance finance income/(expenses) recognised in profit and loss in the period:

	Health insurance contracts issued $'000	Benefit fund insurance contracts issued $'000	Total $'000
Year ended 30 June 2024			
Insurance finance income/(expenses) from insurance contracts issued recognised in P&L:			
Interest accreted	-	(1,126)	(1,126)
Effect of changes in interest rates and other financial assumptions	-	860	860
Effect of changes in fulfillment cash flows (FCFs) at current rate when Contractual Service Margin (CSM) is unlocked at locked-in rate	-	11	11
Changes in FCFs and CSM of contracts measured applying the Variable Fee Approach (VFA) due to changes in fair value of underlying items	-	(24,210)	(24,210)
	-	(24,465)	(24,465)
Management of benefit funds	-	(199)	(199)
Total insurance finance income/(expenses) from insurance contracts issued (note 14)	-	(24,664)	(24,664)

	Health insurance contracts issued $'000	Benefit fund insurance contracts issued $'000	Total $'000
Year ended 30 June 2023 (restated)			
Insurance finance income/(expenses) from insurance contracts issued recognised in P&L:			
Interest accreted	-	(873)	(873)
Effect of changes in interest rates and other financial assumptions	-	841	841
Effect of changes in fulfillment cash flows (FCFs) at current rate when CSM is unlocked at locked-in rate	-	(11)	(11)
Changes in FCFs and CSM of contracts measured applying the Variable Fee Approach (VFA) due to changes in fair value of underlying items	-	(12,570)	(12,570)
	-	(12,613)	(12,613)
Management of benefit funds	-	135	135
Total insurance finance income/(expenses) from insurance contracts issued (note 14)	-	(12,478)	(12,478)

7 Contractual Service Margin

The following table shows an analysis of the expected recognition in profit or loss of the Contractual Service Margin (CSM) remaining at the end of the reporting period.

	Less than 1 year $'000	In 1 to 3 years $'000	In 4 to 5 years $'000	> 5 years $'000	Total $'000
30 June 2024					
Insurance contracts issued					
Benefit fund insurance contracts	**188**	**324**	**212**	**2,672**	**3,396**
Total CSM for insurance contracts	**188**	**324**	**212**	**2,672**	**3,396**
30 June 2023					
Insurance contracts issued					
Benefit fund insurance contracts	240	345	245	2,809	3,639
Total CSM for insurance contracts	240	345	245	2,809	3,639

8 Income tax expense

(a) Income tax expense

	2024 $'000	2023 Restated $'000
Current tax	31,205	53,930
Current tax - benefit funds	(18,036)	(10,065)
Deferred tax	661	(43,791)
Deferred tax - benefit funds	(75,957)	(29,739)
Adjustments for current tax of prior periods	(5,513)	839
Adjustments for current tax of prior periods - benefit funds	11,833	5,719
Other	(69)	(91)
Income tax expense	(55,876)	(23,198)
Deferred income tax benefit/(expense) included in income tax expense comprises:		
Increase/(decrease) in deferred tax assets	43,538	(35,786)
Decrease/(increase) in deferred tax liabilities	(118,834)	(37,744)
	(75,296)	(73,530)
Income tax expense is attributable to:		
Profit from continuing operations	24,015	9,127
Profit from benefit funds	(82,159)	(34,085)
Loss from discontinued operation	2,268	1,760
	(55,876)	(23,198)

(b) Reconciliation of income tax benefit/(expense) to prima facie tax payable

	2024 $'000	2023 Restated $'000
Profit before income tax from continuing operations	34,875	43,344
Less: Profit in benefit funds	(82,159)	(34,085)
Profit/(loss) before income tax and benefit funds	(47,284)	9,259
Loss before income tax from discontinued operation	(1,740)	(12,560)
Profit/(loss) before income tax for the year	(49,024)	(3,301)
Tax at the Australian tax rate of 30% (2023: 30%)	14,707	990
Non-assessable income	16,312	9,978
Other assessable amounts	(7)	(11)
Non-deductible expenditures	(7,198)	(3,287)
Other deductible expenditures	1,893	2,481
Other deferred tax adjustments	80	22
Under provision in prior years	(680)	(1,554)
Tax credits/(offsets)	(493)	(711)
Tax in benefit funds	(82,159)	(34,085)
Other	1,669	2,979
Income tax expense	(55,876)	(23,198)

Franking credits

As at 30 June 2024, the franking credits available for future years at 30% adjusted for debits and credits arising from the payment of income tax payable and from recognised dividends receivable or payable is $45.1 million (30 June 2023: $37.6 million).

Tax Transparency Code

In 2016 the Australian Taxation Office issued the Tax Transparency Code (TTC) which is a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information. Adoption of the TTC is voluntary and intended to complement Australia's existing tax transparency measures. The Group has implemented TTC and supports greater tax disclosure in Australia, reflecting the Group's commitment to compliance from a regulatory and financial perspective, and transparency with respect to the Group's strategy and corporate governance.

Financial assets and liabilities

9 Financial assets - Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank and on hand	**25**	25
Bank balances	**126,934**	120,181
Deposits at call	**167,641**	247,027
Cash equivalents held in the form of investment trusts*	**670,968**	637,024
	965,568	1,004,257

* Includes investment trusts which have investment policy that invests in short term, highly liquid assets that readily supports conversion to cash.

The balance of cash and cash equivalents as at 30 June 2024 included the Parent Entity's accounts totalling $166,819,000 (30 June 2023: $122,966,000) and amounts held by benefit funds totalling $319,850,000 (30 June 2023: $349,138,000).

Fair value and risk exposures

The carrying amount of cash and cash equivalents equals their fair value. Information about the Group's exposure to interest rate risk is provided in note 28.

10 Financial assets - Loans and advances

	2024 $'000	2023 $'000
Current		
Mortgage loans	**29,994**	28,283
Personal loans	**3,948**	4,317
Provision for impairment	**(3,918)**	(9,025)
Total - current	**30,024**	23,575
Non-current		
Mortgage loans	**1,359,625**	1,121,878
Personal loans	**42,641**	6,382
Advances	**1,143**	1,143
Provision for impairment	**(114)**	(120)
Total - non-current	**1,403,295**	1,129,283
Total loans and advances	**1,433,319**	1,152,858

(a) Mortgage loans

Mortgage loans are provided to customers by the Group's authorised deposit-taking institution, Australian Unity Bank Limited (AUBL). The mortgage loans are secured on real property. These loans mature at various dates up to 28 June 2054 and earn interest at annual rates between 1.88% and 9.75% (2023: between 1.84% and 9.50%).

(b) Personal loans

AUBL also provides personal loans to customers. The personal loans mature at various dates up to 2 May 2031 and earn interest at annual rates between 5.99% and 15.18% (2023: between 5.99% and 15.18%).

(c) Provision for impairment

The provision for impairment is calculated based on an expected credit loss (ECL) model.

A summary of the assumptions underpinning the ECL model is as follows:

Category	Group's definition of category	Basis for recognition of expected credit loss (ECL) provision
Stage 1	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2	Loans for which there is a significant increase in credit risk that is presumed if interest and/or principal repayments are 30 to 89 days past due or a specific loan is assessed to have a high credit risk but not impaired.	Lifetime ECL.
Stage 3	Interest and/or principal repayments are 90 days past due or a specific loan is assessed as credit impaired or the debtor is in the event of bankruptcy.	Lifetime ECL.

In calculating the ECL, the Group considers historical losses for each category of customers, loan collaterals, and adjusts for forward looking macroeconomic data. The Group uses reasonable and supportable forecasts of future economic conditions and how changes in these factors will affect ECL. The economic forecast includes house price index, unemployment rate and external data on impairment, commentary from the Reserve Bank of Australia (RBA) and other subjective factors. The Group uses three alternative scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating the ECL.

The provision for impairment is related to the mortgage and personal loans above. It is calculated based on an expected credit loss (ECL) model. The provision for impairment totalling to $4.0 million as at 30 June 2024 (2023: $9.1 million) consisted of $2.2 million on loans in the Stage 1 twelve-month ECL category (2023: $6.6 million), $1.1 million on loans in the Stage 2 lifetime ECL not credit impaired category (2023: $1.1 million), and $0.7 million on loans in the Stage 3 lifetime ECL credit impaired category (2023: $1.4 million).

The following table shows the movement in the gross carrying amount for each category of loans during the financial years ended 30 June 2024 and 2023:

Gross carrying amount	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening gross carrying amount at 1 July 2023	1,135,202	13,937	7,255	1,156,394
Transfers from Stage 1 category	(9,815)	7,180	2,635	-
Transfers from Stage 2 category	4,645	(5,824)	1,179	-
Transfers from Stage 3 category	857	570	(1,427)	-
Balance movements, derecognition or written-off	(226,762)	528	(526)	(226,760)
New loans originated during the period	463,837	-	-	463,837
Closing gross carrying amount at 30 June 2024	**1,367,964**	**16,391**	**9,116**	**1,393,471**

Gross carrying amount	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening gross carrying amount at 1 July 2022	1,100,953	7,613	5,954	1,114,520
Transfers from Stage 1 category	(13,191)	11,400	1,791	-
Transfers from Stage 2 category	2,974	(3,883)	909	-
Transfers from Stage 3 category	209	1	(210)	-
Balance movements, derecognition or written-off	(209,835)	(1,194)	(1,189)	(212,218)
New loans originated during the period	254,092	-	-	254,092
Closing gross carrying amount at 30 June 2023	**1,135,202**	**13,937**	**7,255**	**1,156,394**

The movements of expected credit loss provision for the financial years ended 30 June 2024 and 2023 are as follows:

Expected credit loss (ECL) provision	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening ECL provision at 1 July 2023	6,592	1,141	1,412	9,145
Transfers from Stage 1 category	(59)	41	18	-
Transfers from Stage 2 category	401	(493)	92	-
Transfers from Stage 3 category	127	75	(202)	-
Balance movements, derecognition or written-off	(1,036)	561	(445)	(920)
Change in assumptions and methodology	(4,526)	(224)	(179)	(4,929)
New loans originated during the period	737	-	-	737
Closing ECL provision at 30 June 2024	**2,236**	**1,101**	**696**	**4,033**

Expected credit loss (ECL) provision	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening ECL provision at 1 July 2022	5,718	576	2,089	8,383
Transfers from Stage 1 category	(75)	64	11	-
Transfers from Stage 2 category	225	(295)	70	-
Transfers from Stage 3 category	47	-	(47)	-
Change in assumptions and methodology including derecognition or written off	(729)	796	(711)	(644)
New loans originated during the period	1,406	-	-	1,406
Closing ECL provision at 30 June 2023	**6,592**	**1,141**	**1,412**	**9,145**

(d) Past due but not impaired

At 30 June 2024, loans and advances that were past due but not impaired amounted to $31,196,000 (2023: $34,300,000). These relate to a number of borrowers with no recent history of default.

	2024 $'000	2023 $'000
Less than 30 days		
Mortgage loans	**26,323**	25,974
Personal loans	**31**	129
30 to 89 days	**4,761**	8,097
Mortgage loans	**81**	100
Personal loans		
	31,196	34,300

(e) Fair value and risk exposures

The fair value of current and non-current loans and advances are provided in note 16. Information about the Group's exposure to credit risk and interest rate risk is provided in note 28.

11 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of the following:

	2024 $'000	2023 $'000
Securities held by benefit funds	3,310,135	2,033,616
Securities held by subsidiaries	450,043	363,833
	3,760,178	2,397,449

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the profit or loss.

(a) Securities held by benefit funds comprise the following:

	2024 $'000	2023 $'000
Equity trusts	2,636,372	1,507,999
Fixed interest and other debt security trusts	584,832	457,442
Mortgage trusts	24,332	27,514
Property syndicates and trusts	64,599	40,661
	3,310,135	2,033,616

(b) Securities held by subsidiaries comprise the following:

	2024 $'000	2023 $'000
Equity trusts	30,220	22,389
Fixed interest and other debt security trusts	253,343	225,695
Mortgage trusts	-	1
Property syndicates and trusts	166,480	115,748
	450,043	363,833

(c) Current and non-current split

The redemption terms for investments in certain managed trusts can be varied by their responsible entities in response to market conditions. For those investments which cannot be redeemed entirely within one year from reporting date, the amounts have been allocated between current and non-current in accordance with the maximum percentage redeemable within one year as per the most recent advice from the manager at the end of the reporting period.

The carrying amounts of the above financial assets have been designated at fair value on initial recognition and are classified as follows:

	2024 $'000	2023 $'000
Current		
Securities held by benefit funds	3,292,041	2,024,518
Securities held by subsidiaries	306,720	214,245
	3,598,761	2,238,763
Non-current		
Securities held by benefit funds	18,094	9,098
Securities held by subsidiaries	143,323	149,588
	161,417	158,686
	3,760,178	2,397,449

(d) Fair value and risk exposures

Information on the fair value measurement basis is provided in note 16 while information about the Group's exposure to market risk is provided in note 28.

12 Financial assets - Other financial assets at amortised cost

	2024 $'000	2023 $'000
Other financial assets at amortised cost - Bank bills and term deposits	**77,254**	52,858

Fair value and risk exposures

Due to the short term nature of these investments, their carrying amount is assumed to approximate their fair value. Information about the Group's exposure to credit risk and the credit quality in relation to these investments is provided in note 28.

13 Financial liabilities - Borrowings

	2024 $'000	2023 $'000
Current		
Secured interest bearing liabilities		
Retirement Village Investment Notes	**18,401**	33,210
RBA term funding facilities	**-**	18,389
Total secured interest bearing liabilities	**18,401**	51,599
Series C Australian Unity Bonds		
Face value	**32,116**	-
Valuation at amortised cost	**(1,179)**	-
At amortised cost	**30,937**	-
Unsecured interest bearing liabilities		
Call deposits	**876,191**	588,289
Loan payable to related entity	**5,100**	5,100
Mortgage offset savings accounts	**172,802**	162,927
Negotiable certificates of deposit	**55,416**	41,521
Term deposits	**436,655**	441,917
Bank Loans	**19,697**	-
Total unsecured interest bearing liabilities	**1,565,861**	1,239,754
Total current borrowings	**1,615,199**	**1,291,353**

	2024 $'000	2023 $'000
Non-current		
Secured interest bearing liabilities		
Development finance loan	-	14,048
Retirement Village Investment Notes	-	18,401
Total secured interest bearing liabilities	-	32,449
Unsecured interest bearing liabilities		
Series C Australian Unity Bonds		
Face value	-	115,019
Unamortised borrowing costs	-	(877)
At amortised cost	-	114,142
Series D Australian Unity Bonds		
Face value	**207,000**	207,000
Unamortised borrowing costs	**(1,968)**	(1,463)
At amortised cost	**205,032**	205,537
Series E Australian Unity Bonds		
Face value	**255,805**	-
Unamortised borrowing costs	**(2,772)**	-
At amortised cost	**253,033**	-
Bank Loans	**631**	-
Term deposits	**9,263**	36,081
Total unsecured interest bearing liabilities	**467,959**	355,760
Total non-current borrowings	**467,959**	388,209
Total borrowings	**2,083,158**	1,679,562

(a) Series C and Series D Australian Unity Bonds

On 15 October 2019, the Company issued 1,150,192 Series C and 2,070,000 Series D Australian Unity Bonds – Tranche 1 of $100 each pursuant to the prospectus dated 9 September 2019, raising $322,019,200 in total. Series C and Series D Australian Unity Bonds are unsubordinated and unsecured simple corporate bonds that are listed on the Australian Securities Exchange (code: AYUHC and AYUHD respectively). Series C Australian Unity Bonds have a five-year term maturing on 15 December 2024 and bear interest at the three month BBSW rate plus a margin of 2% per annum. Series D Australian Unity Bonds have a seven-year term maturing on 15 December 2026 and bear interest at the three month BBSW rate plus a margin of 2.15% per annum. The interest of both series of bonds is payable quarterly in arrears on 14 January, 14 April, 14 July and 14 October each year.

As specified in the prospectus, the net proceeds from the issue of the bonds (after deducting the bonds issuance costs) were used to refinance the Series B Australian Unity Bonds that participate in the reinvestment offer and for general corporate purposes.

The bonds are redeemable by the Company prior to their maturity date for certain reasons related to taxation, a change of control or when less than 10% of the bonds remain on issue. An early redemption payment is applied pursuant to the prospectus. Bond holders have the right to require early redemption through a resolution only on the occurrence of a change of control.

Under the terms of the Series C and Series D Australian Unity Bonds, the Company is required to maintain a Covenant Gearing Ratio of less than 50% as at 30 June and 31 December each year. The Covenant Gearing Ratio represents the aggregate of interest bearing liabilities and guarantees divided by the aggregate of interest bearing liabilities and guarantees plus total equity. The ratio is calculated based on the financial position of the Group, excluding the Group's authorised deposit-taking institution and benefit funds. Interest bearing liabilities and guarantees are further reduced by lease liabilities and the Company's unencumbered cash and cash equivalents. Junior Ranking Obligations, if any, also reduce interest bearing liabilities and guarantees but increase total equity in the calculation. Junior Ranking Obligations represent equity or subordinated debt of the Company which would, in a winding up situation, rank behind the Company's obligations under the Series C and Series D Australian Unity Bonds. The Covenant Gearing Ratio is determined by reference to the accounts prepared on the basis of the Australian Accounting Standards in place as at the date of the Base Prospectus. As at 30 June 2024, the Covenant Gearing Ratio was 29% (30 June 2023: 25%).

In November 2023, a reinvestment offer was made to all eligible holders of Series C Australian Unity Bonds to subscribe for the Series E Australian Unity Bonds issued by the Company on 28 November 2023 (refer to the below note) and fund their subscriptions by selling their Series C Australian Unity Bonds to the Company. As a result of the reinvestment offer, 829,035 Series C Australian Unity Bonds were sold to the Company.

The remaining 321,157 Series C Australian Unity Bonds will be redeemed for cash on their maturity date of 15 December 2024.

(b) Series E Australian Unity Bonds

On 28 November 2023, the Company issued 2,558,050 Series E Australian Unity Bonds – Tranche 1 of $100 each pursuant to the prospectus dated 7 November 2023, raising $255,805,000 in total. Series E Australian Unity Bonds are unsubordinated and unsecured simple corporate bonds that are listed on the Australian Securities Exchange (code: AYUHE). Series E Australian Unity Bonds have a five-year term maturing on 15 December 2028 and bear interest at the three month BBSW rate plus a margin of 2.5% per annum. The interest of Series E Australian Unity Bonds is payable quarterly in arrears on 14 January, 14 April, 14 July and 14 October each year.

As specified in the prospectus, the net proceeds from the issue of the bonds (after deducting the bonds issuance costs) were used to refinance the Series C Australian Unity Bonds that participate in the reinvestment offer and for general corporate purposes.

The bonds are redeemable by the Company prior to their maturity date for certain reasons related to taxation, a change of control or when less than 10% of the bonds remain on issue. An early redemption payment is applied pursuant to the prospectus. Bond holders have the right to require early redemption through a resolution only on the occurrence of a change of control.

Under the terms of the Series E Australian Unity Bonds, the Company is required to maintain a Covenant Gearing Ratio of less than 50% as at 30 June and 31 December each year. The Covenant Gearing Ratio represents the aggregate of interest bearing liabilities and guarantees divided by the aggregate of interest bearing liabilities and guarantees plus total equity. The ratio is calculated based on the financial position of the Group, excluding the Group's authorised deposit-taking institution and benefit funds. Interest bearing liabilities and guarantees are further reduced by lease liabilities and the Company's unencumbered cash and cash equivalents. Junior Ranking Obligations, if any, also reduce interest bearing liabilities and guarantees but increase total equity in the calculation. Junior Ranking Obligations represent equity or subordinated debt of the Company which would, in a winding up situation, rank behind the Company's obligations under the Series E Australian Unity Bonds. The Covenant Gearing Ratio is determined by reference to the accounts prepared on the basis of the Australian Accounting Standards in place as at the date of the Base Prospectus. As at 30 June 2024, the Covenant Gearing Ratio was 29%.

(c) Development finance loan

Development finance loan reported under non-current borrowings of $14,048,000 as at 30 June 2023 represented a loan facility for the development of retirement and aged care facilities in Victoria. This loan is secured by the first ranking securities over the respective properties and the refundable accommodation deposits relating to the aged care facilities. The loan bears interest at 5.00% per annum as at 30 June 2023. The amount was repaid during the financial period.

(d) RBA term funding facilities

The Reserve Bank of Australia (RBA) offered three-year term funding facilities to authorised deposit-taking institutions (ADI) to reinforce the benefits to the economy with lower cash rates and encourage ADI to support home loan customers during the COVID-19 pandemic. These facilities were provided during the period from April 2020 to June 2021. Total amount of funding the Company received from the RBA was $43,582,000 with average interest at 0.19% per annum. During the year, the Company repaid the remaining $18,389,000 of the total funding facility.

The carrying amounts of the financial assets transferred under repurchase agreements and the associated liabilities are set out below:

	2024 $'000	2023 $'000
Carrying amount of transferred assets under repurchase agreement	-	23,650
Carrying amount of associated liabilities	-	(18,389)
Net position	-	5,261

(e) Retirement Village Investment Notes (RVIN)

RVIN are debt instruments issued by a subsidiary of the Group. The proceeds from RVIN issues were utilised by the Group for expanding the Retirement Communities and Aged Care businesses and general corporate purposes. The RVIN are secured by a registered first ranking security interest over intra-group loans in relation to the RVIN proceeds and the mortgages, granted as security for the loans, over allotments of units held in Australian Unity Retirement Village Trust #1.

Australian Unity Retirement Village Trust #1 (AURVT#1) comprises three retirement villages – Willandra Village and Willandra Bungalows in New South Wales and Walmsley Friendship Village in Victoria. The Group does not hold any security over these retirement village assets nor any other assets of AURVT#1 or other subsidiary entities of the Group.

As at 30 June 2024, the total amount of RVIN on issue reported as interest bearing liabilities was $18,401,000 (30 June 2023: $51,611,000).

The following table summarises the details of RVIN:

Name	Prospectus	Maturity date	Interest rate	30 June 2024 $'000	30 June 2023 $'000
RVIN - Series 5	1	30 November 2024	4.95%	**18,401**	-
RVIN - Series 6	1	31 July 2023	5.00%	**-**	33,210
Interest bearing RVIN - current				**18,401**	33,210
RVIN - Series 5	1	30 November 2024	4.95%	**-**	18,401
Interest bearing RVIN - non-current				**-**	18,401
Total RVIN				**18,401**	51,611

(f) Bank loans

Bank loan reported under current borrowings of $19,697,000 as at 30 June 2024 represented a loan facility for general corporate purposes. These loans bear interest at BBSY bid rate plus margin. As at 30 June 2024, the interest rate was 6.25%.

Bank loan reported under non-current borrowings of $631,000 as at 30 June 2024 represented a loan facility for general corporate purposes. These loans do not bear interest as at 30 June 2024.

(g) Call deposits

Call deposits are repayable on demand and accrue interest on a daily basis. At 30 June 2024, the interest rate ranged between 0.01% and 5.20% (2023: between 0.01% and 5.10%).

(h) Term deposits

Term deposits are repayable on maturity and accrue interest on a monthly basis with annual fixed interest rates as at 30 June 2024 ranging between 0.49% and 5.75% (2023: between 0.49% and 5.61%).

(i) Negotiable certificates of deposit

In the previous financial year the Company issued transferable certificates of deposit at discounted amounts with various maturities within 365-day term. During the financial year, the Company has issued negotiable certificates of deposits with various maturities within 365-day term. These are issued at discount and payable on maturity at their face value of $56,100,000.

(j) Mortgage offset savings accounts

The amounts represent customer savings accounts with the interest offsetting the interest of the respective mortgage loan accounts.

(k) Fair value and risk exposures

The fair values of borrowings are set out in note 16. Information about the Group's exposure to risk arising from borrowings is set out in note 28.

14 Insurance contract policy liabilities

(a) Health insurance contract policy liabilities

Health insurance contracts issued

The following table shows the reconciliation from the opening to the closing balances of the net Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC):

30 June 2024	LRC Excluding loss component $'000	LRC Loss component $'000	LIC Estimates of present value of future cash flows $'000	LIC Risk adjustment for non-financial risk $'000	Total $'000
Opening policy liabilities	75,145	4,843	51,238	5,942	137,168
Net opening balance	75,145	4,843	51,238	5,942	137,168
Changes in the statement of comprehensive income					
Insurance revenue	(690,536)	-	-	-	(690,536)
Insurance service expenses					
Incurred claims and other expenses	-	-	644,632	-	644,632
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(305)	-	-	(305)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	3,528	(121)	3,407
Insurance service result	(690,536)	(305)	648,160	(121)	(42,802)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(690,536)	(305)	648,160	(121)	(42,802)
Cash flows					
Premiums received	690,486	-	-	-	690,486
Claims and other insurance service expenses paid	-	-	(650,428)	-	(650,428)
Total cash flows	690,486	-	(650,428)	-	40,058
Other movements in the net balance	-	-	5,682	-	5,682
Closing policy liabilities	75,095	4,538	54,652	5,821	140,106
Net closing balance	75,095	4,538	54,652	5,821	140,106

30 June 2023 (restated)	LRC Excluding loss component $'000	LRC Loss component $'000	LIC Estimates of present value of future cash flows $'000	LIC Risk adjustment for non-financial risk $'000	Total $'000
Opening policy liabilities	81,479	3,057	44,268	3,661	132,465
Net opening balance	81,479	3,057	44,268	3,661	132,465
Changes in the statement of comprehensive income					
Insurance revenue	(690,401)	-	-	-	(690,401)
Insurance service expenses					
Incurred claims and other expenses	-	-	629,081	-	629,081
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	1,786	-	-	1,786
Changes that relate to past service: changes to liabilities for incurred claims	-	-	15,717	2,281	17,998
Insurance service result	(690,401)	1,786	644,798	2,281	(41,536)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(690,401)	1,786	644,798	2,281	(41,536)
Cash flows					
Premiums received	684,067	-	-	-	684,067
Claims and other insurance service expenses paid	-	-	(639,828)	-	(639,828)
Total cash flows	684,067	-	(639,828)	-	44,239
Other movements in the net balance	-	-	2,000	-	2,000
Closing policy liabilities	75,145	4,843	51,238	5,942	137,168
Net closing balance	75,145	4,843	51,238	5,942	137,168

(b) Benefit fund insurance contract policy liabilities

Insurance contracts issued

(i) The following table shows the reconciliation from the opening to the closing balances of the net Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC):

30 June 2024	LRC Excluding loss component $'000	LRC Loss component $'000	LIC $'000	Total $'000
Opening policy liabilities	753,324	-	9,296	762,620
Net opening balance	**753,324**	**-**	**9,296**	**762,620**
Policy liabilities acquired on business combination	**138,960**	**-**	**-**	**138,960**
Changes in the statement of comprehensive income - Insurance revenue				
Contracts under the fair value transition approach	(15,118)	-	-	(15,118)
Insurance service expenses				
Incurred claims and other expenses	3,828	-	622	4,450
Adjustments to LIC	-	-	788	788
Losses and reversals of losses on onerous contracts	-	-	-	-
Insurance service result	**(11,290)**	**-**	**1,410**	**(9,880)**
Insurance finance income/(expense) from contracts issued	24,663	-	-	24,663
Sub-total	**13,373**	**-**	**1,410**	**14,783**
Investment components excluded from insurance revenue and insurance service expenses	(88,430)	-	88,430	-
Cash flows				
Premiums received (including investment components)	40,621	-	-	40,621
Insurance acquisition cash flows paid	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(3,828)	-	(89,052)	(92,880)
Total cash flows	**36,793**	**-**	**(89,052)**	**(52,259)**
Closing policy liabilities	854,020	-	10,084	864,104
Net closing balance	**854,020**	**-**	**10,084**	**864,104**

30 June 2023 (restated)	LRC Excluding loss component $'000	LRC Loss component $'000	LIC $'000	Total $'000
Opening policy liabilities	791,832	-	8,520	800,352
Net opening balance	791,832	-	8,520	800,352
Changes in the statement of comprehensive income - Insurance revenue				
Contracts under the fair value transition approach	(14,471)	-	-	(14,471)
Insurance service expenses				
Incurred claims and other expenses	2,858	-	924	3,782
Adjustments to LIC	-	-	777	777
Losses and reversals of losses on onerous contracts	-	-	-	-
Insurance service result	(11,613)	-	1,701	(9,912)
Insurance finance income/(expense) from contracts issued	12,478	-	-	12,478
Sub-total	865	-	1,701	2,566
Investment components excluded from insurance revenue and insurance service expenses	(75,510)	-	75,510	-
Cash flows				
Premiums received (including investment components)	38,995	-	-	38,995
Insurance acquisition cash flows paid	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(2,858)	-	(76,435)	(79,293)
Total cash flows	36,137	-	(76,435)	(40,298)
Closing policy liabilities	753,324	-	9,296	762,620
Net closing balance	753,324	-	9,296	762,620

(ii) The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

30 June 2024	Estimate of present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contract Service Margin (CSM) Contracts under fair value approach $'000	Total $'000
Opening policy liabilities	758,671	310	3,639	762,620
Net opening balance	758,671	310	3,639	762,620
Policy liabilities acquired on business combination	138,960	-	-	138,960
Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(8,572)	-	(12,442)	(21,014)
Adjustment to loss recovery component	-	(18)	-	(18)
Experience adjustments	(1,998)	-	12,354	10,356
Changes that relate to future service				
Changes in estimates that adjust the CSM	425	24	(441)	8
Changes that relate to past service				
Adjustments to LIC	788	-	-	788
Insurance service result	(9,357)	6	(529)	(9,880)
Insurance finance income/(expense) from contracts issued	24,377	-	286	24,663
Sub-total	15,020	6	(243)	14,783
Cash flows				
Premiums received (including investment components)	40,621	-	-	40,621
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(92,880)	-	-	(92,880)
Total cash flows	(52,259)	-	-	(52,259)
Closing policy liabilities	860,392	316	3,396	864,104
Net closing balance	860,392	316	3,396	864,104

30 June 2023 (restated)	Estimate of present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contract Service Margin (CSM) Contracts under fair value approach $'000	Total $'000
Opening policy liabilities	795,986	339	4,027	800,352
Net opening balance	795,986	339	4,027	800,352
Changes in the Statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(8,761)	-	(11,756)	(20,517)
Adjustment to loss recovery component	-	(20)	-	(20)
Experience adjustments	(1,772)	-	11,620	9,848
Changes that relate to future service				
Changes in estimates that adjust the CSM	220	(9)	(211)	-
Changes that relate to past service				
Adjustments to LIC	777	-	-	777
Insurance service result	(9,536)	(29)	(347)	(9,912)
Insurance finance income/(expense) from contracts issued	12,519	-	(41)	12,478
Sub-total	2,983	(29)	(388)	2,566
Cash flows				
Premiums received (including investment components)	38,995	-	-	38,995
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(79,293)	-	-	(79,293)
Total cash flows	(40,298)	-	-	(40,298)
Closing policy liabilities	758,671	310	3,639	762,620
Net closing balance	758,671	310	3,639	762,620

(iii) The following table provides an analysis of insurance contracts initially recognised in the period:

30 June 2024	Contract issued		Acquired contracts	
	Profitable contracts $'000	Onerous contracts $'000	Profitable contracts $'000	Onerous contracts $'000
Estimates of present value of cash outflows				
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses payable	-	-	-	-
Estimates of present value of cash inflows	28,356	-	138,960	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
	28,356	-	138,960	-

30 June 2023 (restated)	Contract issued		Acquired contracts	
	Profitable contracts $'000	Onerous contracts $'000	Profitable contracts $'000	Onerous contracts $'000
Estimates of present value of cash outflows				
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses payable	-	-	-	-
Estimates of present value of cash inflows	28,349	-	-	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
	28,349	-	-	-

15 Other current liabilities

	2024 $'000	2023 Restated $'000
Financial liabilities		
Refundable accommodation deposits	547,692	469,848
Resident loan liabilities	1,446,208	1,320,698
	1,993,900	1,790,546
Non-financial liabilities		
Unearned income	124,445	53,724
Other	85,278	15,696
	209,723	69,420
Total other current liabilities	2,203,623	1,859,966

(a) Unearned income

Unearned income represents government subsidies and deferred management fees in Retirement Villages not yet recognised in the profit or loss.

(b) Refundable accommodation deposits

Refundable accommodation deposits represent payments received from the residents of aged care facilities as upfront deposits for their aged care accommodation. Residents have the ability to pay the deposits up to six months after moving into an aged care facility. These deposits are non-interest bearing and are repayable within 14 days of a resident's departure from the facility or within 14 days of the granting of probate. Regulations restrict the permitted use of the accommodation deposits to repayment of accommodation deposit balances, capital expenditures of residential aged care facilities and investments in qualified financial products.

(c) Resident loan liabilities

Resident loan liabilities relate to residents who occupy the retirement villages (refer to investment properties in note 17). These liabilities represent the estimated amount owing to the residents, comprising the initial ingoing contribution plus residents' share of capital gains less accrued deferred management and other fees. Resident loan liabilities are repayable at the earlier of a subsequent resident leasing the unit or a maximum repayment date. The maximum repayment date can vary between agreements.

(d) Fair value and risk exposures

Due to the short term nature of these other current liabilities, their carrying value is assumed to approximate their fair value. Details of the Group's exposure to risk arising from other current liabilities are set out in note 28.

16 Fair value measurements

(a) Recognised fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Derivative financial instruments
- Investment properties
- Life investment contract policy liabilities

(i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements according to the following hierarchy:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities measured and recognised as at fair value as at 30 June 2024 and 2023 on a recurring basis:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2024				
Recurring fair value measurement				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	7,368	2,687,729	-	2,695,097
Fixed interest and other debt security trusts	-	839,524	-	839,524
Mortgage trusts	-	24,332	-	24,332
Property syndicates and trusts	13,389	217,821	-	231,210
Interest rate swaps	-	17,417	-	17,417
Other financial assets	-	-	6,875	6,875
Total financial assets	20,757	3,786,823	6,875	3,814,455
Non-financial assets				
Investment properties	-	-	2,244,905	2,244,905
Total non-financial assets	-	-	2,244,905	2,244,905
Financial liabilities				
Life investment contract policy liabilities	-	2,847,734	-	2,847,734
Resident loan liabilities	-	-	1,446,208	1,446,208
Total financial liabilities	-	2,847,734	1,446,208	4,293,942

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2023				
Recurring fair value measurement				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	7,983	1,522,405	-	1,530,388
Fixed interest and other debt security trusts	-	683,137	-	683,137
Mortgage trusts	-	27,515	-	27,515
Property syndicates and trusts	13,181	143,228	-	156,409
Interest rate swaps	-	29,402	-	29,402
Other financial assets	-	-	6,893	6,893
Total financial assets	21,164	2,405,687	6,893	2,433,744
Non-financial assets				
Investment properties	-	-	2,024,336	2,024,336
Total non-financial assets	-	-	2,024,336	2,024,336
Financial liabilities				
Life investment contract policy liabilities	-	1,718,397	-	1,718,397
Resident loan liabilities	-	-	1,320,698	1,320,698
Total financial liabilities	-	1,718,397	1,320,698	3,039,095

The majority of the financial assets at fair value through profit or loss are held through unlisted managed investment schemes. These unlisted managed investment schemes also hold investments from external investors.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for the recurring fair value measurements during the year. The transfers in and out of level 3 measurements are summarised in note (iii) below.

(ii) Valuation techniques used to derive level 2 and level 3 fair values

Financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which are included in level 3 as disclosed in section (iii) below.

Investment properties

Investment properties comprise the Group's interests in retirement village independent living units, development sites and other non-owner occupied investment properties.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations. The directors determine a property's value using a reasonable fair value estimate as applicable to each type of investment property. Retirement village development sites are recognised at fair value, while other development sites are recognised at cost.

Fair value for retirement villages is determined using a financial model which calculates the net present value of future cash flows. The major inputs used in the financial models include:

- current prices in an active market for properties of a similar nature;
- resident turnover rates based on business experience, including the expected average length of residence based on mortality assumptions and voluntary turnover, average incoming ages and distributions;
- property growth rates based on analysis of property markets, historical experience and retirement village outlook; and
- discount rates appropriately set based on the view of risk and by reference to market transactions and conditions.

Fair value of other non-owner occupied property is based on periodic, but at least triennial, valuations by external accredited independent valuers.

All of the resulting fair value estimates of the investment properties are included in level 3 as explained in section (iii) below.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the financial year ended 30 June 2024:

	Other financial assets $'000	Investment properties $'000	Total $'000
Opening balance 1 July 2022	6,963	1,904,376	1,911,339
Additions	-	143,372	143,372
Commercial property rent received in advance movements	-	1,066	1,066
Retirement living properties sold	-	(49,813)	(49,813)
Transfers to property, plant and equipment	-	(11,722)	(11,722)
Net fair value movements	(70)	37,057	36,987
Closing balance 30 June 2023	6,893	2,024,336	2,031,229
Opening balance 1 July 2023	**6,893**	**2,024,336**	**2,031,229**
Additions	**-**	**91,081**	**91,081**
Commercial property rent received in advance movements	**-**	**1,066**	**1,066**
Net fair value movements	**(18)**	**46,807**	**46,789**
Other	**-**	**81,615**	**81,615**
Closing balance 30 June 2024	**6,875**	**2,244,905**	**2,251,780**

Investment properties valuation inputs and relationships to fair value

Due to the current economic climate there is a degree of uncertainty in the inputs used in investment property valuation. While demand for retirement village properties may fluctuate in the short-term, the Group continues to expect long term demand to be strong commensurate with the growth in the aging population. The valuation has been determined based on the available information at 30 June 2024 and other relevant information arising since then. The Group has a recent independent assessment on the key assumptions used in the property valuation.

Given the current volatility in the market and uncertainty around economic recovery, it is possible that after the reporting date there will be movements in the key inputs and assumptions. A protracted economic recovery may cause a reduction in demand and market value. To assess the exposure of the carrying value to fair value movements as a result of changes in the economic environment, sensitivity analyses have been performed based on reasonably probable scenarios on the changes of key valuation inputs. While it is unlikely that these inputs would move in isolation, the sensitivities have been prepared to measure the impact of changes in each key valuation input independently.

The following table summarises the key inputs in the fair value measurements and the impact of changes in each input:

Description	Fair value at 30 June 2024 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties, excluding non-retirement village development sites	$2,044,486	Discount rate	12.75% - 14.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -$26.9 million/+$29.7 million
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +$51.6 million/-$44.4 million
		Average length of residents' stay	6-8 years for serviced apartments, 5-16 years for other independent living units	The higher the average length of stay, the lower the fair value.

Description	Fair value at 30 June 2023 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties, excluding non-retirement village development sites	$1,878,740	Discount rate	12.75% - 14.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -$25.5 million/+$28.0 million
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +$46.7 million/ -$42.5 million
		Average length of residents' stay	5-8 years for serviced apartments, 5-16 years for other independent living units	The higher the average length of stay, the lower the fair value.

Valuation processes

The Group's Wealth & Capital Markets platform includes a team that performs the valuations of the retirement village independent living units required for financial reporting purposes, including level 3 fair values. This team reports valuation recommendations to the CEO Wealth & Capital Markets, the Chief Financial Officer and the Audit Committee. Discussions of valuation processes and results are held between the valuation team, the Audit Committee, the Chief Financial Officer and the CEO Wealth & Capital Markets every six months in line with the Group's half-yearly reporting timelines. The results of the valuations are subject to audit or review every six months. The valuation method used in determining the fair value of these investment properties is drawn upon an actuarial model for property valuation. The main level 3 inputs used in measuring the fair value of investment properties, which include resident turnover rates, property growth rates and discount rates, are estimated by management based on comparable transactions and industry data. The key assumptions used in the valuation are reviewed by an independent qualified valuer on a yearly basis. The results of the actuarial property valuation model are monitored via a regular cycle of periodic external valuations by independent accredited valuers.

(b) Disclosed fair values

The Group also has a number of financial instruments which are not measured at fair value on the balance sheet. As at the end of the reporting period, those which fair values differ from their amortised cost are as follows:

	2024		2023	
	Amortised cost $'000	Fair value $'000	Amortised cost $'000	Fair value $'000
Current and non-current assets				
Mortgage loans	**1,391,149**	**1,391,312**	1,141,016	1,140,539
Advances	**889**	**1,143**	1,143	916
Personal loans	**9,578**	**9,578**	10,699	10,699
	1,401,616	**1,402,033**	1,152,858	1,152,154
Current and non-current liabilities				
Australian Unity Bonds	**489,002**	**499,180**	319,679	321,789
Bank loans	**20,328**	**20,050**	14,048	13,704
RBA funding facilities	**-**	**-**	18,389	18,389
Retirement Village Investment Notes	**18,401**	**18,115**	51,611	50,086
Term deposits	**455,918**	**445,659**	477,998	476,622
	983,649	**983,004**	881,725	880,590

The fair values of loans, advances and borrowings disclosed above are estimated by discounting the future contractual cash flows at the current applicable market interest rate.

Non-financial assets and liabilities

17 Non-financial assets - Investment properties

Investment properties consist of the Group's interests in retirement village independent living units and development sites as specified below. The development sites are held within the development entities. Upon completion of the development and the required occupancy targets being met, a number of the development sites will be sold to retirement village operators.

	2024 $'000	2023 $'000
Retirement village independent living units	**2,044,486**	1,734,892
Development sites - retirement village independent living units	**-**	143,848
Development sites - Herston Quarter	**197,204**	143,448
Commercial property	**40,897**	40,897
Commercial property rent received in advance*	**(37,682)**	(38,749)
	2,244,905	2,024,336

* Commercial property rent received in advance relates to receipts in the 2021 financial year for the full term of a lease expiring in 2059. The unwinding of the balance is recorded over the term of the lease.

(a) Movements of investment properties

	2024 $'000	2023 $'000
At fair value		
Balance at the beginning of the year	**2,024,336**	1,904,376
Additions	**91,081**	143,372
Commercial property rent received in advance movements	**1,066**	1,066
Retirement living properties sold	**-**	(49,813)
Net fair value movements[1]	**46,807**	37,057
Transfers to property, plant and equipment	**-**	(11,722)
Other	**81,615**	-
Balance at the end of the year	**2,244,905**	2,024,336

(b) Amounts recognised in profit or loss for investment properties

	2024 $'000	2023 $'000
Revenue[2]	**86,830**	62,694
Expenses[3]	**(58,837)**	(49,679)
Changes in fair value recognised in profit or loss	**46,807**	37,057
	74,800	50,072

[1] Changes in fair value gains or loss on investment property are detailed in note 3.
[2] Revenue includes deferred management fee lease income and rental income from investment properties, which is detailed as Other revenue and other income in note 3.
[3] Expenses from investment properties are detailed as Expenses, excluding finance costs in note 4.

18 Non-financial assets - Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Leasehold assets $'000	Total $'000
At 1 July 2022					
Cost	39,260	446,694	47,647	51,473	585,074
Accumulated depreciation	-	(30,483)	(29,882)	(34,681)	(95,046)
Net book amount	39,260	416,211	17,765	16,792	490,028
Year ended 30 June 2023					
Opening net book amount	39,260	416,211	17,765	16,792	490,028
Additions	-	16,300	3,794	124	20,218
Transfers from investment properties	9,424	2,267	31	-	11,722
Disposals	(1,050)	(231)	(729)	(3)	(2,013)
Depreciation charge	-	(8,872)	(5,023)	(2,374)	(16,269)
Closing net book amount	47,634	425,675	15,838	14,539	503,686
At 30 June 2023					
Cost	47,634	464,926	47,164	50,189	609,913
Accumulated depreciation	-	(39,251)	(31,326)	(35,650)	(106,227)
Net book amount	47,634	425,675	15,838	14,539	503,686

	Land $'000	Buildings $'000	Plant and equipment $'000	Leasehold assets $'000	Total $'000
Year ended 30 June 2024					
Opening net book amount	**47,634**	**425,675**	**15,838**	**14,539**	**503,686**
Additions	**137**	**37,034**	**4,882**	**1,433**	**43,486**
Transfers	**-**	**-**	**(3)**	**3**	**-**
Transfers from intangibles	**-**	**-**	**925**	**-**	**925**
Disposals	**(74)**	**(280)**	**(6)**	**(17)**	**(377)**
Impairment loss	**-**	**(5,319)**	**-**	**-**	**(5,319)**
Depreciation charge	**-**	**(16,302)**	**(5,386)**	**(2,144)**	**(23,832)**
Closing net book amount	**47,697**	**440,808**	**16,250**	**13,814**	**518,569**
At 30 June 2024					
Cost	**47,697**	**496,294**	**55,783**	**51,275**	**651,049**
Accumulated depreciation	**-**	**(55,486)**	**(39,533)**	**(37,461)**	**(132,480)**
Net book amount	**47,697**	**440,808**	**16,250**	**13,814**	**518,569**

19 Non-financial assets and liabilities - Leases

AASB 16 *Leases* requires the recognition of lease assets and liabilities on balance sheet with the amortisation of the assets and finance costs of the liabilities to be charged to profit or loss. Short-term leases and low value leases are recognised on a straight-line basis as an expense in profit or loss.

The Group has non-cancellable lease contracts, as lessee, for commercial buildings, computer equipment and motor vehicles which are used as part of the Group's operations. Computer equipment leases are categorised as leases of low-value assets and therefore no assets and liabilities are recognised. The Group's lease contracts do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group also has sub-lease contracts in relation to certain commercial buildings. Sublease transactions where the Group is an intermediate lessor are accounted for by reducing the right-of-use assets arising from the respective head leases and recognising sublease receivables. Other sublease contracts are accounted for as operating leases with income being recognised over the lease term. The value of sublease contracts as at 30 June 2024 was immaterial.

(a) Amounts recognised in the consolidated balance sheet

The following are assets and liabilities recognised under AASB 16:

	30 June 2024 $'000	30 June 2023 $'000
Right-of-use assets		
Buildings	90,221	92,910
Vehicles	4,160	4,227
Total assets	94,381	97,137
Lease liabilities		
Current	26,388	15,979
Non-current	87,415	99,999
Total liabilities	113,803	115,978

Additions to the right-of-use assets during the financial year ended 30 June 2024 were $11,161,000 (2023: $2,852,000).

(b) Amounts recognised in the Consolidated statement of comprehensive income

	2024 $'000	2023 $'000
Depreciation charge of right-of-use assets	13,839	14,659
Interest expense (included in Finance costs)	5,957	5,719
Expenses relating to short-term leases or leases of low value assets (included in Other expenses)	4,730	4,779
	24,526	25,157

Total cash outflow for leases in the financial year ended 30 June 2024 was $23,920,000 (2023: $22,522,000).

20 Non-financial assets - Intangible assets

	Goodwill $'000	Computer software $'000	Aged care bed and other licences $'000	Management rights and other intangible assets $'000	Total $'000
At 1 July 2022					
Cost	234,701	176,852	12,655	112,376	536,584
Accumulated amortisation and impairment	(6,000)	(107,249)	(4,828)	(56,068)	(174,145)
Net book amount	228,701	69,603	7,827	56,308	362,439
Year ended 30 June 2023					
Opening net book amount	228,701	69,603	7,827	56,308	362,439
Acquisition of subsidiaries	5,159	-	-	-	5,159
Additions	-	19,193	-	-	19,193
Transfer within intangibles	(15,203)	-	-	15,203	-
Disposals	(734)	(285)	-	-	(1,019)
Amortisation charge and impairment	(7,026)	(15,449)	(3,922)	(6,275)	(32,672)
Closing net book amount	210,897	73,062	3,905	65,236	353,100
At 30 June 2023					
Cost	223,923	194,566	12,655	127,579	558,723
Accumulated amortisation and impairment	(13,026)	(121,504)	(8,750)	(62,343)	(205,623)
Net book amount	210,897	73,062	3,905	65,236	353,100

	Goodwill $'000	Computer software $'000	Aged care bed and other licences $'000	Management rights and other intangible assets $'000	Total $'000
Year ended 30 June 2024					
Opening net book amount	**210,897**	**73,062**	**3,905**	**65,236**	**353,100**
Acquisition of subsidiaries	**281,860**	**-**	**-**	**13,200**	**295,060**
Additions	**-**	**16,838**	**-**	**-**	**16,838**
Transfers to property, plant and equipment	**-**	**(925)**	**-**	**-**	**(925)**
Disposals	**(2,179)**	**(1,629)**	**-**	**(17,994)**	**(21,802)**
Amortisation charge and impairment	**-**	**(13,466)**	**(3,905)**	**(3,479)**	**(20,850)**
Closing net book amount	**490,578**	**73,880**	**-**	**56,963**	**621,421**
At 30 June 2024					
Cost	**496,578**	**201,630**	**12,655**	**90,897**	**801,760**
Accumulated amortisation and impairment	**(6,000)**	**(127,750)**	**(12,655)**	**(33,934)**	**(180,339)**
Net book amount	**490,578**	**73,880**	**-**	**56,963**	**621,421**

The management rights and other intangible assets include those with an indefinite life of $30,427,000 as at 30 June 2024 and 2023. The management rights are related to the acquisitions of responsible entities of investment funds and trusts. The responsible entities are expected to continue their operations on a going concern basis.

(a) Impairment tests for goodwill and intangible assets with an indefinite useful life

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication of impairment. The impairment test is conducted by comparing the asset's carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount should be reduced to the recoverable amount. This reduction is recognised as an impairment loss in the income statement.

For the purpose of impairment tests, the carrying amount of goodwill and intangible assets with an indefinite useful life is allocated to the Group's cash generating units (CGUs) identified within the relevant business platforms. A summary of the goodwill and intangible assets with an indefinite useful life of each CGU is as follows:

CGU	2024 $'000	2023 $'000
Home Health	**408,293**	145,124
Wealth Asset Management	**95,505**	76,814
Trustee Services	**8,399**	8,399
Wealth Advice Services	**-**	2,137
Residential Aged Care	**8,850**	8,850
	521,047	241,324

The recoverable amount of a CGU is determined based on a value-in-use calculation using five-year cash flow projections. An indefinite terminal cash flow calculation is then applied for cash flows beyond year five. The Group normally prepares an annual strategic plan which includes financial forecasts with a four-year outlook with expectations of future events that are believed to be reasonable under the current circumstances. For the impairment test calculation, the Group sourced the four-year cash flow projections from these financial forecasts and extrapolated the cash flow for the fifth year using growth rates based on estimates of expected long-term operating conditions appropriate for each CGU.

Key assumptions used for value-in-use calculations

Discount rates used in the value-in-use calculation represent the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. It takes into account the time value of money and inherent risks of the underlying assets.

Pre-tax discount rates of 10.3% to 12.1% were applied to cash flow projections of the relevant CGU (2023: 9.0% - 13.0%). The terminal value is determined based on an assumption of terminal growth rate of 2.5% - 3.0% which is within the target long term inflation rate of the Reserve Bank of Australia (2023: 2.5% to 3.0%).

Wealth Asset Management CGU

The calculation of value-in-use for Wealth Asset Management is most sensitive to the following assumptions:

(i) The Group has built its Social Infrastructure excluding Retirement Villages, Funds Management, and Life and Super businesses over a number of years. The business derives its income primarily from investment management fees from funds under management and property development and investment income.

(ii) Discount rates for the purpose of impairment testing - the pre-tax discount rate applied to the CGU's cash flow projections is 12.13%.

(iii) Terminal growth rate - the terminal value has been calculated for this CGU on the extrapolated five-year cash flows, with a terminal growth rate of 2.5%.

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be $90.9 million higher than its carrying amount.

Home Health CGU

The value-in-use calculation for Home Health is more sensitive to the following assumptions:

(i) The growth in the number of customer contracts – the CGU is predominantly operating in NSW, with aspirations to grow, particularly within Victoria and Queensland. Projected growth of customer numbers and business efficiencies are based on experience to date, strategic growth initiatives and changing demographic opportunities that will see a continual increase in demand from ageing Australians who require Home Health services.

In determining the growth in customer contracts, consideration has been given to the environmental context in which the business operates, including the current government policy relating to the Home Care Packages (HCP) and the Commonwealth Home Support Programme (CHSP) as well as the ongoing Royal Commission submissions and recommendations that are expected to consider potential alternative future models of government funding under the new Support at Home Program.

Revenue growth assumptions for the CGU average 5.0% per annum over the five-year projection period. The key assumptions that underpin the recoverable amount are revenue growth and achievement of forecast operating margins. The business has implemented a number of commercial and transformational initiatives to improve operating margins and leverage the branch network performance.

The forecasts reflect commercial opportunities faced by the CGU, however, the Group acknowledges that there remains uncertainty around the pace and nature of growth and the time this can be realised in view of the potential regulatory changes following the Royal Commission's recommendations.

(ii) Discount rates for the purpose of impairment testing – the pre-tax discount rate applied to cash flow projections is 10.5%. A one percentage point change in the discount rate would not alter the outcome of the impairment assessment.

(iii) Terminal growth rate – the terminal value has been calculated for this CGU on the extrapolated five-year cash flows, with a terminal growth rate of 3.0% which reflects the impact of inflation and projected industry growth over the long term. A one percentage point change in the terminal growth rate would not alter the outcome of the impairment assessment.

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be $17.2 million higher than its carrying amount.

Trustee Services CGU

The calculation of value-in-use for Trustee Services is most sensitive to the following assumptions:

(i) The Trustee Services business continued to expand its operations, invest in building capability and enhance its growth strategy and portfolio. These initiatives have supported revenue growth during the year and will support future business growth. The forecasts reflect commercial opportunities, however, there remains reasonable uncertainty around the pace and the time this can be realised.

(ii) Discount rates for the purpose of impairment testing – the pre-tax discount rate applied to the CGU's cash flow projections is 11.6%. A one percentage point change in the discount rate would not alter the outcome of the impairment assessment.

(iii) Terminal growth rate – the terminal value has been calculated for this CGU on the extrapolated five-year cash flows, with a terminal growth rate of 2.5%. A one percentage point change in the terminal growth rate would not alter the outcome of the impairment assessment.

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be $17.2 million higher than its carrying amount.

Wealth Advice Services CGU

On 30 November 2023, the Group sold all of its shares in Australian Unity Personal Financial Services Limited and PFS Investment Management Pty Ltd, the wholly-owned subsidiaries operating the Group's Wealth Advice Services business. As of 30 June 2024, the Goodwill and management rights have been sold and no balances remain as of 30 June 2024, impairment testing is not applicable. Refer to note 32.

Residential Aged Care CGU

The calculation of value-in-use for Residential Aged Care is most sensitive to the following assumptions:

(i) The Residential Aged Care CGU predominantly operates in NSW, Victoria and Queensland across twelve aged care facilities. The value-in-use calculation is particularly sensitive to the occupancy rate such that a change in the number of residents occupying beds or EBITDA per bed will impact the recoverable amount of the CGU. Revenue growth assumptions for the CGU average 5.0% per annum over the five-year projection period.

(ii) Discount rates for the purpose of impairment testing – the Pre-tax discount rate applied to the CGU's cash flow projections is 11.26%.

(iii) Terminal growth rate – the terminal value has been calculated for this CGU on the extrapolated five-year cash flows, with a terminal growth rate of 3.0%.

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be $214.7 million higher than its carrying amount.

21 Non-financial liabilities - Provisions

	2024 $'000	2023 $'000
Current provisions		
Employee benefits provision	**73,616**	58,757
Self insurance provision	**6,448**	6,160
Other provisions	**12,391**	8,075
	92,455	72,992

22 Non-financial liabilities - Deferred tax balances

The balance comprises temporary differences attributable to:

	2024 $'000	2023 Restated $'000
Deferred tax assets		
Accrued expenses	**19,674**	17,821
Fixed assets	**79,778**	25,822
Capitalised expenditure	**5,620**	4,961
Leases	**5,427**	6,327
Policy bonus credits	**50,911**	42,695
Provisions	**29,301**	32,632
Risk Equalisation Special Account	**600**	720
Tax losses	**43,554**	30,135
Trust distribution	**2,883**	13,805
Unrealised losses	**5,530**	30,779
Other assessable items	**3,533**	1,505
Total deferred tax assets	**246,811**	207,202
Deferred tax liabilities		
Fixed assets and investment properties	**258,619**	200,201
Intangible assets	**13,736**	16,615
Risk Equalisation Special Account	**12,935**	12,046
Tax deferred	**4,182**	5,741
Unrealised gains	**98,585**	58,263
Other deductible items	**22,387**	16,693
Total deferred tax liabilities	**410,444**	309,559
Net deferred tax liabilities	**163,633**	102,357

23 Mutual Capital Instruments

Mutual Capital Instruments (MCI) are financial instruments created exclusively for Australian mutual entities, such as Australian Unity Limited, to access permanent capital without compromising their mutual entity status and to decrease their sole reliance on retained profits as a source of new capital. The opportunity to issue mutual capital instruments was created by the Treasury Laws Amendment (Mutual Reforms) Act 2019 which came into effect in April 2019 with the intention of improving growth, innovation and competition in sectors where mutual entities operate. In accordance with the requirements of AASB 132 *Financial Instruments: Presentation*, MCIs are presented on the balance sheet at their carrying amount after deducting directly attributable transaction issuance costs, net of any income tax benefit.

On 24 December 2020, the Company issued 1,200,000 Australian Unity Mutual Capital Instruments (Australian Unity MCI) at an issue price equal to its face value of $100 each pursuant to the prospectus dated 7 December 2020, raising $120,000,000 in total. On 3 November 2021, the Company issued a further 2,234,000 MCIs with a face value of $100 at an issue price of $103 each pursuant to the prospectus dated 11 October 2021 (as supplemented by the supplementary prospectus dated 15 October 2021), raising $230,102,000 in total. On 28 June 2024, the Company issued a further 1,636,950 MCIs with a face value of $100 at an issue price of $72.50 each, raising $118,678,695 in total.

The issue of the Australian Unity MCIs forms part of the Company's ongoing capital management strategy with the proceeds to be used for a range of opportunities across the Group. These opportunities include pursuing near-term growth opportunities within the individual businesses as well as investing capital across the Group where third-party funding has historically been utilised. A portion of the proceeds were also used to repay debt facilities that were utilised for a number of strategic investments in social infrastructure. The use of proceeds may also extend to merger and acquisition opportunities across the Group's operating platforms, including to increase investment in social infrastructure and to help support business consolidations in important mutual sectors such as private health insurance, banking and friendly societies.

Australian Unity MCIs are perpetual, fully paid mutual capital instruments that are listed on the Australian Securities Exchange (code: AYUPA). The holders of Australian Unity MCIs are expected to receive fixed rate dividend payments to be paid semi-annually in arrears. The dividends are discretionary and non-cumulative. The Company may determine to pay no dividend, a partial dividend or an optional dividend. Dividends that are not paid do not accrue and will not subsequently be paid. The dividend rate for Australian Unity MCIs is 5.00% per annum on their face value and are expected to be fully franked. Dividends are scheduled to be paid semi-annually in arrears on 15 April and 15 October each year.

During the year, the Company paid fully-franked dividends as follows:

	2024 $'000	2023 $'000
Dividend for the 2024 financial year of $2.5068 per MCI paid on 15 April 2024	**8,608**	-
Dividend for the 2024 financial year of $2.5068 per MCI paid on 16 October 2023	**8,608**	-
Dividend for the 2023 financial year of $2.4932 per MCI paid on 17 April 2023	**-**	8,562
Dividend for the 2023 financial year of $2.5068 per MCI paid on 17 October 2022	**-**	8,608
	17,216	17,170

In accordance with the terms of Australian Unity MCIs, the Company has the right to repurchase Australian Unity MCIs for certain reasons related to the occurrence of a tax event, a regulatory event or a demutualisation event. If a demutualisation event occurs, the Company will be required to repurchase Australian Unity MCIs before the demutualisation takes effect. A holder has no right to request or require repurchase of Australian Unity MCIs. On a winding-up, Australian Unity MCIs rank for payment behind all creditors, including holders of Australian Unity Bonds, but ahead of non-shareholder Members of Australian Unity Limited. On winding-up, Australian Unity MCI holders will be entitled to a cash payment equal to face value and the amount of any dividend due and unpaid.

24 Mutual Capital Instruments based payments

Under the Group's long term variable compensation award scheme, senior executives may be invited to receive a part of their compensation in the form of rights to deferred MCI of Australian Unity Limited. The scheme commenced in 2022. Each right converts to one MCI on vesting subject to the continued employment of the senior executive at the vesting date. The rights to deferred MCI do not carry any rights to receive dividends prior to the vesting date. If the senior executive ceases to be employed by the Group within the vesting period the rights will be forfeited, except in limited circumstances that are approved by the board.

The fair value of the rights at the grant date was the market price of the Company's MCIs on the grant date. No adjustment has been made for the present value of expected dividends that will not be received by the senior executives on their rights during the vesting period on the basis that the offer document indicates that participants may, at the discretion of the board, be entitled to receive a dividend equivalent payment at the vesting date.

Details of each right to deferred MCI in force are:

Grant date	Vesting date	Grant date fair value
30 October 2023	1 December 2027	$82.30
28 October 2022	1 December 2026	$86.99
31 January 2022	1 December 2025 (25%)	$103.00
31 January 2022	1 December 2024 (75%)	$103.00

The following table shows the rights to deferred MCI outstanding at the beginning and end of the reporting period and movements during the reporting period:

	2024 Number of rights	2023 Number of rights
Balance at the beginning of the reporting period	**67,919**	29,816
Granted during the year	**53,386**	38,721
Vested during the year	**-**	-
Forfeited during the year	**(2,716)**	(618)
Balance at the end of the reporting period	**118,589**	67,919
Weighted average remaining contractual life of the deferred rights outstanding at the end of the reporting period	**2.43 years**	3.10 years

The expense for each tranche of rights to deferred MCI granted is recognised in the Consolidated statement of comprehensive income on a straight-line basis, adjusted for forfeitures, over the vesting period of the rights. Total expenses arising from the granting of rights to deferred MCI recognised during the reporting period as part of Employee benefits expense were $2,736,000 (2023: $2,130,000).

25 Equity

(a) Reserves

	2024 $'000	2023 $'000
Asset revaluation reserve	**2,462**	2,462
Cash flow hedges reserve	**12,192**	20,581
MCI-based payment reserve	**5,388**	2,552
Post-employment benefit reserve	**4,307**	4,440
	24,349	30,035
Movements:		
Asset revaluation reserve		
Balance at the beginning of the year	**2,462**	2,462
Balance at the end of the year	**2,462**	2,462
Cash flow hedges reserve (i)		
Balance at the beginning of the year	**20,581**	21,662
Movements in hedging value during the year	**(11,984)**	(1,544)
Deferred tax	**3,595**	463
Balance at the end of the year	**12,192**	20,581
MCI-based payment reserve (ii)		
Balance at the beginning of the year	**2,552**	422
MCI-based payments expenses	**2,736**	2,130
Subsidiary share option payments	**100**	-
Balance at the end of the year	**5,388**	2,552
Post-employment benefit reserve (iii)		
Balance at the beginning of the year	**4,440**	4,402
Remeasurement of net defined benefit obligations	**(133)**	38
Balance at the end of the year	**4,307**	4,440

(i) Cash flow hedges reserve

Cash flow hedges reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. The amounts are recognised in the profit or loss as finance costs when the associated hedged transaction affects profit or loss. The hedge transaction costs are also recognised as finance costs in the profit or loss. There was no hedge ineffectiveness recognised in the profit or loss. The fair values of the respective derivative financial instruments used for cash flow hedge are reported as part of Other non-current assets as at 30 June 2024 and 2023.

(ii) MCI-based payment reserve

The amount recognised in the MCI-based payment reserve is the grant date fair value of rights to deferred MCI granted to employees but not yet vested.

(iii) Post-employment benefit reserve

Post-employment benefit reserve represents the defined benefit reserve that is used to record actuarial gains or losses on defined benefit liabilities and actual returns on fund assets (excluding interest income) which are recognised in other comprehensive income.

(b) Retained earnings

Movements in retained earnings were as follows:

	2024 $'000	2023 Restated $'000
Balance at the beginning of the financial year	**548,597**	520,687
Profit/(loss) for the year	**(22,741)**	7,586
Adjustment on initial application of AASB 17, net of tax	**-**	37,494
Dividends paid	**(17,217)**	(17,170)
Balance at the end of the financial year	**508,639**	548,597

26 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	2024 $'000	2023 Restated $'000
Profit/(loss) after income tax for the year	(22,741)	7,586
Depreciation and amortisation expense	44,682	38,584
Gain on sale of business component	(34,294)	(17,799)
Fair value gains on investment property	(47,873)	(38,123)
Loss on investments	13,701	4,461
Gain on disposal of assets	(1,252)	(2,273)
Share of net profit or loss of joint ventures	235	(2,797)
Impairment of assets	5,319	737
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	74,213	(8,380)
Increase in loans and advances	(280,461)	(41,046)
Decrease/(increase) in current tax assets	30,795	(30,355)
Decrease in other operating assets	3,997	8,427
Increase/(decrease) in trade and other payables	(224,716)	4,869
Increase in deposits liability	279,592	72,529
Increase in deferred tax liabilities	64,628	56,340
Increase in provisions	25,720	11,851
Increase/(decrease) in benefit fund policy liabilities	137,062	(20,117)
Increase/(decrease) in other operating liabilities	137,487	(42,104)
Net cash inflow from operating activities	206,094	2,390

(b) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities $'000	Other liabilities $'000	Total $'000
Opening balance as at 1 July 2022	450,113	1,648,842	2,098,955
Cash flows			
- Repayments of bank loans	(9,200)	-	(9,200)
- Repayments of RBA term funding facilities	(25,193)	-	(25,193)
- Repayments of development finance loans	(4,553)	-	(4,553)
- Receipts from resident loan liabilities	-	105,037	105,037
- Receipts of refundable lease deposits	-	36,667	36,667
	(38,946)	141,704	102,758
Closing balance as at 30 June 2023	411,167	1,790,546	2,201,713

	Interest bearing liabilities $'000	Other liabilities $'000	Total $'000
Opening balance as at 1 July 2023	**411,167**	**1,790,546**	**2,201,713**
Cash flows			
- Repayments of bank loans	**-**	**-**	**-**
- Repayments of RBA term funding facilities	**(18,389)**	**-**	**(18,389)**
- Repayments of development finance loans	**(14,048)**	**-**	**(14,048)**
- Repayments of Australian Unity Bonds - Series C	**(82,903)**	**-**	**(82,903)**
- Repayments of Retirement village investments notes	**(33,210)**	**-**	**(33,210)**
- Receipts of Australian Unity Bonds - Series E	**255,805**	**-**	**255,805**
- Receipts from resident loan liabilities	**-**	**125,510**	**125,510**
- Receipts of refundable lease deposits	**-**	**77,844**	**77,844**
	107,255	**203,354**	**310,609**
Closing balance as at 30 June 2024	**518,422**	**1,993,900**	**2,512,322**

Risk management

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

27 Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group'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 below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of financial instruments

In the measurement of financial instruments, the best evidence of fair value is a quoted price in an active market. In the event that there is no active market for the instrument, the fair value is measured based on present value estimates or other market accepted valuation techniques. The valuation models incorporate the impact of bid/ask spread, counterparty credit spreads and other factors that would influence the fair value determined by a market participant. The majority of valuation techniques employ only observable market data. However, in the case where market observable data for certain valuation component is not available, the fair value is determined using data derived and extrapolated from market data and tested against historic transactions and observed market trends. These valuations are based upon assumptions established by application of professional judgement to analyse the data available to support each assumption. Changing the assumptions may change the resulting estimate of fair value.

(ii) Estimated impairment of loans and advances

The accounting policy requires the Group to assess impairment at least at the end of each reporting period. The provisions raised (individual and collective) represent management's best estimate of the losses expected in the loan portfolio at balance date based on experienced judgement. Individual provisioning is applied when the full collectability of a loan is identified as being doubtful. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk. The provision also takes into account the impact of large concentrated losses within the portfolio and the economic cycle. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability.

(iii) Impairment of goodwill and intangibles with indefinite useful lives

The Group tests annually whether goodwill or other intangibles have suffered any impairment. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The recoverable amounts of cash generating units have been determined based on value-in-use calculations using certain assumptions.

(iv) Retirement village investment property

The fair value of retirement village investment property is determined as the present value of future cash flows based upon statistical modelling of expected cash flows from incoming and outgoing residents and includes assumptions in respect of a number of factors, including average length of residency and expected changes in property prices.

(v) Recoverability assessment of Herston Quarter development costs

Herston Quarter is an approximately five-hectare site being developed to create a landmark Brisbane destination and a global benchmark for health precincts. The Group is the master developer for this site and is committed under agreements with the Queensland government to renew the precinct and deliver various assets on the site, including redeveloping heritage buildings, public health facilities, student accommodation, car parks, infrastructure, and public realm areas. In return for the successful completion of a number of critical development milestones, the government will grant the Group a 99-year lease over certain land holdings within the Herston precinct for nil consideration. Subject to further conditions and necessary approvals on future developments, the Group will be able to further develop these land holdings and benefit from the commercial outcomes achieved from these activities.

At 30 June 2024, the Group has achieved substantial progress towards achieving the critical milestones under these agreements and has capitalised work in progress of $225 million at this date. The recoverability of this work in progress is assessed against the long-term cash flow projections prepared by the Group, which includes cash flows from the successful development of land holdings to be granted to the Group. The development work in progress is reported as part of Investment property (refer to note 17).

At the end of each reporting period the Group makes an assessment on the recoverability of the development costs through a review of the future cash flows of the project and other associated cash flows. Assumptions and judgements are applied in estimating the future cash flows associated with the remaining stages of the development plan. Several elements of the project need to be completed before the assumed future cash flows associated with these remaining stages of the development plan can be realised. While the Group is able to utilise available resources and continues to advance development activities, there is a degree of uncertainty associated with the development stages due to their dependency on achieving satisfactory commercial arrangements with third parties, meeting project milestones and market conditions, including inflationary pressures.

The current forecast cashflows represent a base case that was formed after considering a range of potential future developments and operating outcomes. These cashflows developed by the Group reflect best estimates having due regard to market evidence and the input of third parties. These assumptions may fluctuate depending on movements in interest rates, contracted prices once the approach to development stages are finalised and commercial arrangements being progressed as the project continues.

(vi) Right-of-use assets and lease liabilities

The initial values of right-of-use assets and lease liabilities are estimated based on the present value of future lease payments. The lease payments are discounted using the Group's incremental borrowing rate which is determined using a three-month bank bill swap curve plus a margin that reflects the credit risk.

(vii) Insurance liabilities

The estimates, assumptions and judgements arising as a result of the Group's health and life insurance operations are detailed in notes 14, 39 and 40(d).

Sources of estimation uncertainty

Best estimate claims provision – estimates included in the insurance contract liabilities include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the liability for incurred claims include claims development, claims costs inflation, medical trends and seasonality.

(viii) Income taxes

The Group is subject to income taxes in Australia. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(ix) Resident loan liabilities

Resident loan liabilities relate to residents who occupy the retirement villages (refer to investment properties in note 17). These liabilities represent the estimated amount owing to the residents, comprising the initial ingoing contribution plus residents' share of capital gains less accrued deferred management and other fees.

(b) Critical judgements in applying the Group's accounting policies

(i) Classification of life insurance liabilities

Life insurance liabilities held within benefit funds managed by the Group are classified for accounting purposes as either life insurance contract liabilities, participating life investment contract liabilities or non participating life investment contract liabilities. Judgements are applied in classifying a life insurance liability into the appropriate category in line with the requirements as set out in notes 40(d) and 40(f).

(ii) Interest in subsidiaries, associates and joint ventures

The Group has investments in other entities and managed investment schemes where Group entities act as the responsible entity for the schemes. In applying the accounting policy, the Group exercises significant judgements to determine which entities and investment schemes are controlled and, therefore, are required to be consolidated. The Group has consolidated those entities determined as being controlled, with subsidiaries listed in note 29. For the interests in managed investment schemes, the Group considers its relationship with the majority of the schemes is that of an agent rather than a principal. Where the relationship is that of an agent, the Group does not have the power to control.

For interests in other entities where the Group does not have control, the Group exercises judgements to determine whether it has significant influence over the entity or joint control of an arrangement. Where there is a joint arrangement, the Group further determines whether it is structured as a joint operation or a joint venture. The Group has determined as investments in associates those relationships where significant influence over another entity exists. The Group has concluded that the joint arrangement of investments represent a joint venture as the Group does not have power to control the entities.

28 Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board has established the Risk & Compliance Committee, which is responsible for developing and monitoring risk management policies.

The entity applies the following process both at the entity and group level. The Group's Risk Management Framework (RMF) is based upon a top-down policy approach and a bottom-up process for identifying risks. It sets out the risk management principles, mandatory requirements and minimum standards that are to be applied to risk management practices across the Group. The RMF is consistent with AS/NZS ISO 31000 2009: *Risk Management* in identifying, assessing, controlling and treating its material risks. This analysis is recorded in business unit Risk Registers, which are fully reviewed annually by the Risk & Compliance Committee. Senior Management are required to keep their business unit Risk Register current and to report regularly, including against any treatment or action plans recorded in the Risk Register. Senior Management are also required to provide regular attestations of compliance with the RMF and other applicable Group policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

In addition, the Group board has established the Investment Committee to provide oversight and guidance to management, as appropriate, in connection with and in relation to the Group's investment governance framework and for the promotion of a robust risk culture in respect of the Group's investment management activities.

The Audit Committee, in consultation with the Risk & Compliance Committee, oversees the internal controls, policies and procedures that the Group uses to identify and manage business risks. The Committees are assisted in their roles by Group Audit, Group Risk & Compliance and Finance & Strategy. Group Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, Group Risk & Compliance oversees risk management and compliance and Finance & Strategy measures the quantitative aspects of the controls. The results of these reviews are reported to the Risk & Compliance Committee, the Audit Committee and the Company's board.

The unprecedented economic challenges associated with the COVID-19 pandemic continue to have wide-ranging impacts upon the financial markets. In response to this, the Group continues to strengthen its prudency in managing the risks and improving financial risk management to build resilience to future economic problems. In light of the current volatility in the financial markets, the sensitivity analyses discussed below are based on possible movements in currencies, securities prices and interest rates.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk and foreign currency risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

Financial instruments held by the benefit funds managed by the Group do not expose the Group to market risk as any movement in the carrying value of financial instruments held by the benefit funds has an equal and opposite effect on policyholder liabilities.

(i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices. The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss. The Group is not directly exposed to commodity price risk.

To manage its price risk arising from equity investments, the Group diversifies its portfolio in accordance with investment policies overseen by the Group Investment Committee, the objective of which is to manage risk within acceptable limits.

The majority of the Group's equity investments are held through investments in trusts managed by related entities. The equity investments held by these trusts are publicly traded.

The table below summarises the impact of changes in securities prices assuming the prices had increased or decreased by 14.1% (2023: 14%) at the end of the reporting period with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the security prices.

	Impact on post-tax profit		Impact on equity	
Judgements of reasonably possible movements	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Securities prices +14.1% (2023: +14%)	**5,471**	5,404	**5,471**	5,404
Securities prices -14.1% (2023: -14%)	**(5,471)**	(5,404)	**(5,471)**	(5,404)

The assumptions used in the sensitivity analysis are based on an analysis of published economic data.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from cash and cash equivalents and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group analyses variable interest rate exposures on borrowings and will hedge at a fixed rate using interest rate swaps where this is in line with current risk management strategy. During the years ended 30 June 2024 and 2023, the Group's borrowings at variable rate were denominated in Australian Dollars.

As at the end of the reporting period, the Group had the following financial assets and liabilities exposed to variable interest rate risk:

	2024 $'000	2023 $'000
Financial assets		
Cash and cash equivalents	**644,009**	655,119
Financial assets at fair value through profit or loss	**279,215**	288,453
Loans and advances	**1,401,621**	628,526
	2,324,845	1,572,098
Financial liabilities		
Australian Unity Bonds	**494,921**	322,019
Call deposits	**865,006**	580,612
Development finance loans	**-**	14,048
Bank loans	**20,328**	-
Loan payable to related entity	**5,100**	5,100
Interest rate swap, at notional principal amounts	**(372,019)**	(397,019)
	1,013,336	524,760
Net position	**1,311,509**	1,047,338

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for interest bearing liabilities. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the board and monitored by management.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at 30 June 2024, Australian Unity Bonds consisted of Series C at a face value of $32,115,700 maturing in December 2024, Series D at a face value of $207,000,000 maturing in December 2026 and Series E at a face value of $255,805,000 maturing in December 2028. The bonds bear interest at the three-month BBSW rate plus a fixed margin. Series C, Series D, Series E bonds carried a fixed margin of 2.00%, 2.15% and 2.50% respectively resulting in total interest rates of 6.34% (2023: 5.65%) for Series C, 6.51% (2023: 5.80%) for Series D and 6.86% (2023: nil) for Series E. The Group entered into interest rate swaps for a total notional amount of $494,920,700 to hedge the variable interest component of these bonds for the periods up to the maturity dates of the respective bonds, at rates ranging from 0.90% to 0.95% for Series C and 1.12% to 1.13% for Series D, resulting in overall fixed rates of 2.9% to 3.3% per annum for the bonds. The Group also hedge the variable rates of deposits via interest rate swaps for a total notional amount of $50,000,000 maturing on various dates in 2025.

As at the end of the reporting period, if interest rates had increased or decreased by 0.76% (2023: 0.70%), with all other variables held constant, the impact would have been as follows:

	Impact on post-tax profit		Impact on equity	
Judgements of reasonably possible movements	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Interest rates +0.76% (2023: +0.70%)	**3,515**	3,897	**3,515**	3,897
Interest rates -0.76% (2023: -0.70%)	**(3,515)**	(3,897)	**(3,515)**	(3,897)

(iii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of an overseas financial investment will fluctuate as a result of movements in international exchange rates. The Group operates in Australia and the exposure to foreign exchange risk through its holding in investment funds is not significant.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is managed on a group basis to ensure that this risk is minimised. Credit risk arises from derivative financial assets, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB-' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, an internal assessment is made in relation to the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards to mitigate credit risk.

Under the current credit risk modelling, the Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Regardless of the analysis, a significant increase in credit risk is presumed if a debtor or borrower is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within the prescribed days of when they fall due as determined by each business segment.

Trade and other receivables

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

There is generally no significant concentration of credit risks as the organisation transacts with a large number of individually immaterial debtors. This is further mitigated in relation to health insurance policy debtors where the credit risk will only continue during the grace period as specified by legislation and/or in the policy document, after this period the policy is either paid up or terminated.

In relation to any other individually material debtors, it is the Group's policy that any customers who are likely to have such material balances owing and wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored. In addition, debtor balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group applies the simplified expected credit loss (ECL) approach to estimate the amount of impairment loss as permitted by the standard. Under the simplified ECL approach, the Group estimates the expected lifetime losses to be recognised from initial recognition of the receivables. In estimating the lifetime ECL, the Group conducts an internal credit review that takes into account the historical loss experience, current observable data and reasonable forward-looking information as available, which include the significant changes in the performance and payment status of the debtors and anticipated significant adverse changes in business, financial or economic conditions that may impact the debtors' ability to meet its obligations. The movements in provision during the current financial year was immaterial.

Loans provided by the bank to customers

The Group's subsidiary, Australian Unity Bank Limited, provides mortgage and personal loans to customers. The mortgage loans consist of residential housing loans and commercial property loans. The Group is exposed to the risk of loss in relation to these loans due to the failure by customers to meet their obligations in accordance with the agreed terms. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of loans and advances, net of any provisions for impairment. To mitigate the risk of potential losses that may arise from any default, loans to customers are largely secured by physical property. The Company holds collateral when required, as security for its residential, commercial and personal loans, thus reducing the amount of financial loss that may arise from any defaults. Lenders mortgage insurance is generally taken out for any residential mortgages with a Loan to Value Ratio in excess of 80%, which further reduces the credit risk exposures. Some lending products will be mostly unsecured (e.g. personal loans). Loans impairment experience supports the assignment of a credit risk rating of satisfactory or better. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group board. The compliance with credit limits by wholesale customers is regularly monitored by management.

At each reporting date, the Group makes an assessment whether there is a significant increase in credit risk since origination. The Group considers historical loss experience and adjust this with the current observable data and reasonable forecast of future economic condition which includes macroeconomic factors to detect any indication of a significant increase in credit risk. An analysis to estimate the expected credit loss is performed on each portfolio of accounts with shared risk characteristics. As disclosed in the accounting policy note, the Group applies a three-stage approach to distinguish the categories of loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. The movements in credit loss provision were primarily driven by model assumptions on forward looking scenarios, including the trends of loans in arrears and management's view on macro economic conditions in the foreseeable future.

Other loans and advances

The Group has loans and advances to other parties. To assess whether there is a significant increase in credit risk, the Group considers the financial or economic conditions that may cause a significant change to the borrower's ability to meet its obligations, the actual or anticipated significant adverse changes in the performance of the borrowers and significant changes in the value of the collateral supporting the obligation.

The following table represents the credit quality of financial assets (excluding benefit funds):

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade $'000	Other grade $'000	$'000	$'000	$'000
At 30 June 2024					
Cash and cash equivalents	**645,718**	**-**	**-**	**-**	**645,718**
Trade and other receivables	**1,766**	**354,040**	**5,573**	**2,064**	**363,443**
Financial assets at fair value through profit or loss	**253,343**	**196,700**	**-**	**-**	**450,043**
Other financial assets at amortised cost	**77,254**	**-**	**-**	**-**	**77,254**
Loans and advances	**1,303,875**	**94,212**	**31,196**	**8,068**	**1,437,351**
Other financial assets	**-**	**44,481**	**-**	**-**	**44,481**
	2,281,956	**689,433**	**36,769**	**10,132**	**3,018,290**

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade $'000	Other grade $'000	$'000	$'000	$'000
At 30 June 2023					
Cash and cash equivalents	655,119	-	-	-	655,119
Trade and other receivables	1,395	48,990	6,190	2,508	59,083
Financial assets at fair value through profit or loss	225,695	138,138	-	-	363,833
Other financial assets at amortised cost	52,858	-	-	-	52,858
Loans and advances	1,057,240	63,209	34,300	7,255	1,162,004
Other financial assets	-	40,518	-	-	40,518
	1,992,307	290,855	40,490	9,763	2,333,415

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
At 30 June 2024	High grade $'000	Other grade $'000	$'000	$'000	$'000
Category					
Stage 1	**1,297,629**	**44,737**	**25,600**	**-**	**1,367,966**
Stage 2	**6,246**	**4,545**	**5,596**	**-**	**16,387**
Stage 3	**-**	**1,049**	**-**	**8,068**	**9,117**
Total	**1,303,875**	**50,331**	**31,196**	**8,068**	**1,393,470**

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
At 30 June 2023	High grade $'000	Other grade $'000	$'000	$'000	$'000
Category					
Stage 1	**1,057,240**	**57,599**	**-**	**20,364**	**1,135,203**
Stage 2	**-**	**-**	**-**	**13,936**	**13,936**
Stage 3	**-**	**-**	**7,255**	**-**	**7,255**
Total	**1,057,240**	**57,599**	**7,255**	**34,300**	**1,156,394**

The credit risk on the above financial assets of the Group which have been recognised in the balance sheet, other than investments in shares, is generally the carrying amount, net of any provisions for impairment. Credit risk for physical securities and derivative instruments are monitored by exposure limits to counterparties. These limits are determined by reference to third party credit ratings. The maximum credit risk exposure of the financial assets at the end of each reporting period is their carrying amount.

Credit risk further arises in relation to irrevocable loan commitments provided to the customers of the bank. The irrevocable loan commitments are binding contracts to extend credit to customers as long as no violation of any condition in the contracts occurs. The maximum credit risk exposure of the loan commitments is the full amount of irrevocable approved undrawn loans of $45,787,000 (2023: $47,876,000).

Financial assets held by the benefit funds managed by the Group do not expose the Group to credit risk as any movement in the carrying value of these assets has an equal and opposite effect on policyholder liabilities.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

As at 30 June 2024, the Group's total current assets were higher than total current liabilities by $496 million (2023: lower by $308 million). This is not an indication of a liquidity issue as current liabilities include $2,030 million (2023: $1,791 million) of refundable accommodation deposits and resident loan liabilities (refer to note 15) which the Group classifies as current, reflecting contractual requirements for the Group to repay an exiting resident within 12 months. However, experience is that only a minority of residents will exit within the next 12 months and accordingly the majority of the liabilities will not be payable within that period. The Group regularly reviews business strategy and funding requirements and allocates capital as required to ensure that it has the ability to meet all financial obligations.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities based on the contractual maturities remaining at the end of each reporting period. The Group expects that certain liabilities will be settled at maturities which are different to their initial contractual maturities, including deposits where the Group expects (as part of the subsidiary's normal banking operations) that a large proportion of these balances will roll over.

The amounts disclosed in the table are the contractual undiscounted principal and interest cash flows and hence may differ to the amounts reported on the balance sheet. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

For the financial guarantee and bank credit commitments as at 30 June 2024 (refer to notes 33 and 34), as the probability and value of the obligation that may be called on is unpredictable; it is not practical to state the timing of any potential payment. However, there is a contractual obligation for the Group to provide the funds when they are called upon by the counterparties.

	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	No specific maturity $'000	Total $'000
At 30 June 2024						
Trade and other payables	175,284	-	-	-	-	175,284
Interest bearing liabilities						
Australian Unity Bonds	39,167	6,586	494,819	-	-	540,572
Bank loans	1,246	20,210	-	-	-	21,456
Call deposits	878,755	-	-	-	-	878,755
Mortgage offset savings accounts	172,802	-	-	-	-	172,802
Negotiable certificates of deposits	56,100	-	-	-	-	56,100
Retirement Village Investment Notes	18,705	-	-	-	-	18,705
Term deposits	326,405	118,121	10,537	-	-	455,063
	1,493,180	144,917	505,356	-	-	2,143,453
Lease liabilities	8,788	18,066	55,095	58,181	-	140,130
Health insurance contract policy liabilities	118,170	21,936	-	-	-	140,106
Benefit fund insurance contract policy liabilities	48,085	35,613	184,471	595,935	-	864,104
Benefit fund investment contract policy liabilities	132,974	156,607	1,395,301	1,162,852	-	2,847,734
Other liabilities*	1,520	-	74,000	-	2,355,336	2,430,856
Total liabilities	1,978,001	377,139	2,214,223	1,816,968	2,355,336	8,741,667

	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	No specific maturity $'000	Total $'000
At 30 June 2023 (Restated)						
Trade and other payables	143,759	-				143,759
Interest bearing liabilities						
Australian Unity Bonds	5,066	5,066	340,637	-	-	350,769
Bank loans	351	351	14,575	-	-	15,277
Call deposits	589,495	-	-	-	-	589,495
Loan payable to related entity	162	5,262	-	-	-	5,424
Mortgage offset savings accounts	162,927	-	-	-	-	162,927
Negotiable certificates of deposits	39,000	3,000	-	-	-	42,000
RBA term funding facilities	9	18,398	-	-	-	18,407
Retirement Village Investment Notes	33,804	455	18,781	-	-	53,040
Term deposits	310,058	151,523	44,637	-	-	506,218
	1,140,872	184,055	418,630	-	-	1,743,557
Lease liabilities	8,335	10,058	58,860	70,165	-	147,418
Health insurance contract policy liabilities	117,041	20,127	-	-	-	137,168
Benefit fund insurance contract policy liabilities	44,784	34,461	137,165	546,210	-	762,620
Benefit fund investment contract policy liabilities	86,181	92,380	787,703	752,133	-	1,718,397
Other liabilities	1,465	-	-	-	1,797,363	1,798,828
Total liabilities	1,542,437	341,081	1,402,358	1,368,508	1,797,363	6,451,747

* Current year includes $2,355,336,000, which mainly relates to refundable accommodation deposits and resident loan liabilities, that were not reported within the financial risk management note regarding liquidity risks in the comparative year (FY2023: $1,797,363,000).

(d) Capital risk management

Capital is represented by members' funds and comprises earnings retained in relation to past activities of Australian Unity Limited. It is the board's policy to maintain a strong capital base so as to maintain member, stakeholder, creditor and market confidence and to sustain future development of the business.

Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, policyholders, lenders and regulators are met.

Capital is utilised to finance growth, non-current asset acquisitions and business plans and also provides support if adverse outcomes arise from health insurance, investment performance or other activities.

The appropriate level of capital is determined by the board based on both regulatory and economic considerations.

Legislation requires a number of the controlled entities to maintain certain levels of capital, the specific details of which are discussed in the relevant individual controlled entities' financial statements. Throughout the 2024 financial year and currently, these controlled entities have maintained capital in excess of prudential requirements at all times. For entities not subject to specific legislation, capital risk management is determined in conjunction with the above mentioned considerations, and the economic, operational and capital needs of the business.

There were no changes in the Group's approach to capital management during the year.

(e) Underwriting risk

Underwriting risk consists of insurance risk, lapse risk and expense risk.

Risk on health insurance contracts issued

The health insurance business of the Group provides private health insurance which provides benefits to cover costs arising from a range of services, including hospital services, medical services, prostheses and ancillary services. Some contracts cover all services, some cover only ancillary services and others cover all services excluding ancillary services. The benefits are provided under two types of contracts, health insurance contracts and health related insurance contracts. The latter provides cover for overseas visitors.

Insurance risk is managed through appropriate product design, claims management, close monitoring of insurance risk and experience, holding capital in excess of prudential requirements, risk equalisation, varying premiums and the operation of preventative health programs.

Product design

Robust product development and review processes including appropriate sign-off requirements are applied to mitigate the risk of the insurer's products attracting a disproportionally large number of high claimers.

Claims management

Comprehensive claims management procedures and controls are applied to ensure correct and timely settlement of claims in accordance with policy conditions and provider contracts. Claims are monitored on a monthly basis to track the experience of the portfolios.

Insurance risk and experience monitoring

The Group's Risk & Compliance Committee and the board review the monthly financial and operational results, including insurance operating measures and prudential capital requirements. The insurance risks and experience for the industry are also monitored by the Australian Prudential Regulation Authority (APRA).

Prudential capital requirements

Private health insurers must comply with prudential capital requirements providing a safeguard against certain adverse experience. The board has adopted a conservative approach by applying a target level of capital in excess of the prudential requirements.

Risk equalisation

The Private Health Insurance Act 2007 requires resident private health insurance contracts to meet community rating requirements, prohibiting health insurers from discriminating between people on the basis of their health status, gender, race, sexual orientation, religious belief, age, lifestyle, frequency of need for treatment or claims history. To support these restrictions, all private health insurers must participate in the Risk Equalisation Special Account under which the cost of proportions of the eligible claims of all persons aged 55 years and over and those claims meeting the high cost claim criteria are shared across all private health insurers.

Concentration of insurance risk

The health insurance contracts written cover a large number of members across Australia. The Group has no exposure to concentration of risk.

Ability to vary premium rates

The Group is able to vary premium rates annually under a process which requires the approval of the Minister for Health and Ageing for all premium changes.

Preventative health programs

The Group operates preventative health programs to contribute to members' health and reduce the risk of hospitalisation and thus claims.

Risk on benefit fund insurance contracts issued

With benefit funds, insurance risk is the risk of the loss event occurrence, or the timing and amount of the loss being different from expectation. The Group is exposed to different elements of insurance risks, being:

- Mortality risk – the risk of losses arising from death of life insurance policyholders being earlier than expected. The benefit fund insurance contract policies, which consist of insurance contracts issued and investment contracts with DPF, are exposed to mortality risk. The policy liabilities at note 39 quantify this exposure and are based on information presented to key management;
- Premium risk – the risk that premiums charged to policyholders are less than claims cost on business written; and
- Reserve risk – the risk that the claims reserves are insufficient to cover all claims.

The Group mitigates these risks by having reinsurance arrangements in place, although the benefit funds insurance risk portfolio is small.

The benefit funds are also exposed to the following two risks which are not insurance risks but relate to insurance contracts:

- Lapse or persistency risk – the risk that the counterparty will cancel the contract earlier or later than expected in pricing the contract.
- Expense risk – the risk of unexpected increases in the administrative costs associated with the servicing of a contract, rather than in costs associated with insured events.

These risks arise from all benefit fund insurance contract policies. A sensitivity analysis to changes in mortality, lapse and expense rates is presented later in the note.

Persistency risk is managed through regular monitoring of lapse information and through regular communications with clients.

The Group frequently monitors expense levels to address expense risk. In addition, expense risk is managed by the Group's ability to increase management fees or the ability to change benefit fund rules that govern the management fees.

The internal audit function performs regular audits ensuring that the established controls and procedures are adequately designed and implemented.

There were no significant changes in the Group's objectives, policies, and processes for managing the risks and the methods used to measure the risks from the previous period.

Concentration of insurance risk

The benefit fund insurance contracts written cover a large number of policyholders across Australia. Insurance risk is monitored per class of business. The Group has no exposure to significant concentrations of insurance risk in relation to the benefit fund contracts.

Sensitivities

The following table details the impact of changes in key underwriting assumptions on the Group's profit and loss, equity and CSM. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

30 June 2024	Change in assumption	CSM $'000	Profit or Loss $'000	Equity $'000
Health insurance contracts issued				
Claims expenses	+5%	-	(32,795)	(32,795)
Claims expenses	-5%	-	32,795	32,795
Benefit fund insurance contracts issued				
Mortality	+5%	(136,545)	(17,955)	(17,955)
Mortality	-5%	141,644	18,782	18,782
Expenses	+10%	(100,602)	(1,271)	(1,271)
Expenses	-10%	100,567	1,268	1,268

30 June 2023	Change in assumption	CSM $'000	Profit or Loss $'000	Equity $'000
Health insurance contracts issued				
Claims expenses	+5%	-	(31,724)	(31,724)
Claims expenses	-5%	-	31,724	31,724
Benefit fund insurance contracts issued				
Mortality	+5%	(139,339)	(11,752)	(11,752)
Mortality	-5%	144,521	12,392	12,392
Expenses	+10%	(120,582)	(1,293)	(1,293)
Expenses	-10%	120,533	1,292	1,292

Due to the immateriality of reinsurance arrangements, reinsurance has not been included in the disclosures above.

(f) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk.

While the Risk & Compliance Committee has delegated responsibility for developing and monitoring risk management policies and reviewing the adequacy of the risk management framework, each business unit has a risk officer and risk management processes and practices which provide oversight of operational risk undertaken in each business. Each business unit works closely with the Group Risk Management team. There are documented risk procedures to manage and maintain oversight of operational risks. These procedures include thresholds for escalation and monitoring. Group Risk is responsible for exercising governance over operational risk through the management of the group risk management framework, policy development, risk analysis, fraud prevention and reporting of risk matters to the Risk & Compliance Committee.

The Group's risk framework is supported by specific policies and procedures with the effectiveness of the framework assessed through a series of independent assurance reviews conducted by Group Audit.

The Group has adopted an operational risk management process which consists of a staged approach involving establishing the context, identification, analysis, assessment, treatment and monitoring of current, emerging and potential future operational risks.

Business disruption is a critical risk to the ability to operate, so the Group has comprehensive business continuity, recovery and crisis management plans. These are intended to ensure critical business functions can be maintained, or restored in a timely fashion, in the event of material disruptions arising from internal or external events.

The Group obtains insurance cover from third party providers to cover those operational risks where cost effective premiums can be obtained, however, insurance is not treated as a guaranteed mitigation for operational risk.

(g) Capital risk management

Capital risk management is co-ordinated centrally by the Group board so as to maintain a strong capital base in order to maintain member, stakeholder, creditor and market confidence and to sustain future development of the business.

Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, lenders and regulators are met. Capital is utilised to finance growth, asset acquisitions and business plans and also provides support if adverse outcomes arise from investment performance or other activities.

The appropriate level of capital for each subsidiary is determined by the Group based on both regulatory and economic considerations. In order to maintain or adjust the capital structure each Company in the Group may adjust the amount of dividends paid to its parent company, return capital to the parent or issue new shares.

(i) Australian Unity Bank Limited (AUBL)

AUBL is regulated by the Australian Prudential Regulation Authority (APRA) and as such is required to maintain a certain level of capital. AUBL applies the Internal Capital Adequacy Assessment Process (ICAAP) approved by the Group board to ensure it maintains an appropriate capital base to cover the risks inherent in the business. The plan includes addressing the capital requirements prescribed by regulators, principally AUBL's strategy for managing capital resources over time, its capital target, how the required capital is to be met and actions and procedures for monitoring compliance with minimum regulatory capital adequacy requirements. The strategy primarily focuses on building accumulated reserves from earnings but may include share issues and subordinated debt raisings.

Throughout the year ended 30 June 2024, and currently, AUBL has maintained capital in excess of prudential requirements at all times.

The following table presents the capital adequacy ratio at the end of each reporting period:

	2024 $'000	2023 $'000
Reserves and retained earnings	**98,331**	95,516
Less regulatory prescribed adjustments	**(2,570)**	(5,456)
Regulatory capital base	**95,761**	90,060
Risk weighted exposures	**668,808**	556,339
Capital adequacy ratio	**14.3%**	16.2%

(ii) Australian Unity Health Limited (AUHL)

AUHL was regulated by the Australian Prudential Regulation Authority (APRA) up to and including 30 June 2024 and as such is required to maintain a certain level of capital. Throughout the year ended 30 June 2024 and currently, AUHL has maintained capital in excess of prudential requirements at all times.

APRA introduced new capital standards applicable from 1 July 2023, which has resulted in a higher capital adequacy requirement for AUHL, and new policy requirements. AUHL had sufficient capital to meet the new standards and has implemented its first ICAAP Summary Statement which summarises its approach to capital management, including capital targets, triggers and management actions.

AUHL has a capital management plan which establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer in line with Group attitude to and tolerance for risk. The internal capital target ensures AUHL has a minimum level of capital given certain stressed capital scenarios. The surplus assets over capital adequacy requirement based on current APRA capital standards at 30 June 2024 are as follows:

	Amount $'000
Capital Base	
Accounting Net Assets	233,982
Regulatory adjustments	8,376
Common Equity Tier 1 Capital	242,358
Total Capital Base	484,716
Prescribed Capital Amount	
Insurance Risk Charge	76,798
Asset Risk Charge	57,689
Asset Concentration Risk Charge	-
Operational Risk Charge	13,811
Less:Aggregation Benefit	(29,615)
Tax benefits	(14,038)
Total Prescribed Capital Amount	104,645
Capital Adequacy Multiple	2.32

The capital information above complies with the new private health insurance capital standards that became effective from 1 July 2023.

Group structure

This section provides information that will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- principal subsidiaries included in the consolidated financial statements, and
- parent entity.

29 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the controlled entities. The table below lists the principal controlled entities. All these entities are wholly-owned by the Group and are incorporated in Australia.

Wholly-owned by the Parent entity	Wholly-owned by the controlled entities	
Australian Unity Advice Pty Ltd	Albert Road Development Manager Pty Ltd	Hunters Hill Sub-Trust
Australian Unity Bank Limited	Argent Nominees Pty Ltd	ItsMyCare Pty Ltd
Australian Unity Finance Limited	Australian Unity Aged Care Investments Pty Ltd	Kookaburra Securitisation Trust 2021-1R
Australian Unity Funds Management Limited	Australian Unity Aged Care Trust #1	MHC Employment Services Pty Ltd
Australian Unity Group Services Pty Ltd	Australian Unity Aged Care Trust #2	myHomecare Group Pty Ltd
Australian Unity Health Limited	Australian Unity Aged Care Trust #4	myHomecare Holdings Pty Ltd
Australian Unity Investments Strategic Holdings Pty Ltd	Australian Unity Aged Care Trust #5	myHomecare Pty Ltd
Australian Unity Life Bonds Limited	Australian Unity Albert Road Retirement Village Land Trust	Oxley Home Care Pty Ltd
Australian Unity Retirement Living Holdings Pty Ltd	Australian Unity Aurora Land Owner Trust	Peninsula Grange Sub-Trust
Australian Unity Retirement Living Investments Limited	Australian Unity Aurora Operations Trust	Platypus Asset Management Pty Ltd
Australian Unity Retirement Living Services Limited	Australian Unity Campbell Place Aged Care Land Trust	Sarmace Pty Ltd
Australian Unity Strategic Holdings Pty Limited	Australian Unity Campbell Place Retirement Village Land Trust	SMG Labour Pty Ltd
Australian Unity Strategic Investments Pty Ltd	Australian Unity Care Services Pty Ltd	St Brigid's Green Retirement Village Pty Ltd
Herston Company Pty Ltd	Australian Unity Carlton Aged Care Trust	St Faber's Green Retirement Village Pty Ltd
Lifeplan Australia Friendly Society Limited	Australian Unity Carlton Retirement Trust #1	St Luke's Green Retirement Village Pty Ltd
Remedy Healthcare Group Pty Ltd	Australian Unity Carlton Retirement Trust #2	St Patrick's Green Retirement Village Pty Ltd
	Australian Unity Herston Quarter Aged Care Land Holdings Pty Ltd	The Governor's Retirement Resort Pty Ltd
	Australian Unity Herston Quarter Retirement Community Land Holdings Pty Ltd	Victoria Grange Sub Trust
	Australian Unity Home Care Service Pty Ltd	
	Australian Unity Investment Real Estate Limited	
	Australian Unity Investment Trust	
	Australian Unity Mornington Development Trust	
	Australian Unity Peninsula Grange RACF Land Trust	
	Australian Unity Retirement Living Management Pty Ltd	
	Australian Unity Retirement Village Trust #1	
	Australian Unity Retirement Village Trust #2	
	Australian Unity Retirement Village Trust #5	
	Australian Unity Sienna Grange Aged Care Land Trust	
	Australian Unity Sienna Grange Development Trust	
	Australian Unity Trustees Limited	
	Campbell Place RV Sub-Trust	
	Enrich Health Group Bidco Pty Ltd	
	Enrich Health Group Finance Holdings Pty Ltd	
	Enrich Health Group Finance Pty Ltd	
	Enrich Health Group Pty Ltd	
	Greengate Care Pty Ltd	
	Greengate Partnership Pty Ltd	
	Herston Development Company Pty Ltd	
	Herston Quarter Aged Care Developer Pty Ltd	
	Herston Quarter Retirement Community Developer Pty Ltd	
	Hills Nursing Pty Ltd	

30 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2024 $'000	2023 $'000
Balance sheet		
Cash and cash equivalents*	166,819	122,966
Other current assets	377,721	242,713
Current assets	544,540	365,679
Non-current assets	1,271,959	1,159,323
Total assets	1,816,499	1,525,002
Current liabilities	153,233	103,720
Non-current liabilities	429,699	309,107
Total liabilities	582,932	412,827
Members' balances	255,625	255,625
Mutual Capital Instruments	457,038	342,148
Reserves	17,555	21,382
Retained earnings	503,349	493,020
Total equity	1,233,567	1,112,175
Profit for the year	27,546	49,224
Total comprehensive income for the year	27,546	49,224

* Includes $159,235,000 (2023: $122,003,000) of investment trusts which have investment policy that invests in short term, highly liquid assets that readily supports conversion to cash.

(b) Contingent assets and liabilities of the Parent entity

The Parent entity has entered into bank guarantee arrangements totalling $105,174,000 (2023: $93,288,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Parent entity had no other contingent assets or liabilities as at 30 June 2024.

(c) Commitments entered into by the Parent entity

The Parent entity did not have any commitments as at 30 June 2024 and 2023.

31 Business combination

(a) Acquisition of IOOF Limited

On 31 October 2023, the Group completed its acquisition of all the shares of friendly society IOOF Ltd and its approximately $1.1 billion investment bond business from the Insignia Financial group. The purchase price paid was $41 million in cash upon completion, with an additional contingent amount of up to $4 million payable 12 months after completion, subject to the transition of clients and funds under management.

The acquisition is in line with the Group's strategic priority to provide innovative products and services that meet the health and financial wellbeing needs of our members and customers and will further strengthen our position as the market leader in investment bonds, with a customer base of more than 175,000 and estimated funds under management of more than $3.5 billion.

Details of the purchase consideration, net assets acquired and goodwill recognised in the accounting for the business combination are as follows:

	$'000
Purchase consideration and revaluation of initial investment	
Cash payments paid or payable	41,092
Contingent amount payable	4,000
Fair value adjustments to the carrying amount of initial investment	(130)
Total	44,962
Net assets acquired based on the fair value at the date of acquisition:	
Cash and cash equivalents	5,382
Trade and other receivables	3,728
Other assets	8,316
Trade and other payables	(252)
Other liabilities	(12)
	17,162
Intangible assets - customer list	13,200
Identifiable goodwill on acquisition	14,600
	44,962

The goodwill component is related to the value of expected synergy benefits from the business combination, customer relationships, workforce and other items that do not qualify to be separately recognised.

Cash flows in relation to the business acquisition consist of payments for the acquisition price of $45,092,000 including $5,092,000 paid in February 2024 and costs directly related to the acquisition of $1,326,000, less cash acquired of $5,382,000. There are no cashflows that are not expected to be collected from acquired receivables. Acquisition-related costs totalling $610,000 were expensed in prior years and $716,000 was expensed in the half-year ended 31 December 2023. These acquisition-related costs are recognised in the other expenses, excluding finance costs captured on the Consolidated statement of comprehensive income. The acquired business is in the process of integration to the Group's Wealth & Capital Markets business platform. It has contributed revenue of $5,508,000 and net profit after tax of $3,116,000 for the year ended 30 June 2024.

(b) Acquisition of myHomecare group (MHC)

On 28 March 2024, the Group completed its acquisition of all the shares of the Enrich Health Group Pty Ltd. The Group agreed to pay $285 million on a debt and cash free basis, with the amount subject to adjustments in accordance with the purchase agreement. The purchase price paid was $146 million of which $96 million was paid upon completion, with two additional payments of $25 million each due 9 months and 18 months after completion. An additional contingent amount of up to $20 million is payable 12 months after completion.

The acquisition is in line with the Group's strategic priority to provide innovative products and services that meet the health and financial wellbeing needs of our members and customers.

Details of the purchase consideration, net assets acquired and goodwill recognised in the provisional accounting for the business combination are as follows:

	$'000
Purchase consideration	
Cash payments paid or payable	145,724
Contingent amount payable	20,000
Total	165,724
Net assets acquired based on the provisional fair value at the date of acquisition:	
Cash and cash equivalents	7,930
Trade and other receivables	33,374
Other assets	18,280
Trade and other payables	(4,808)
Other liabilities	(152,676)
	(97,900)
Provisional goodwill on acquisition	263,624
	165,724

At the date of this report, the measurement of acquisition-date fair value of the acquired assets and liabilities, and the determination of identifiable intangible assets and goodwill arising from the acquisition have not been finalised. The goodwill component, once finalised, will be related to the value of expected synergy benefits from the business combination, customer relationships, workforce and other items that do not qualify to be separately recognised.

Cash flows in relation to the business acquisition consist of payments for the acquisition price of $95,724,000 and costs directly related to the acquisition of $5,081,000, less cash acquired of $7,930,000. Acquisition-related costs of $5,081,000 were expensed in the year ended 30 June 2024. These acquisition-related costs are recognised in the other expenses, excluding finance costs captured on the Consolidated statement of comprehensive income. The acquired business is in the process of integration to the Group's Home Health business platform. It has contributed revenue of $108,801,000 and net profit of $5,600,000 for the year ended 30 June 2024. If the acquisition had occurred on 1 July 2023, contributed revenue and net profit for the year ended 30 June 2024 would have been $410,040,000 and $10,213,000 respectively. At the date of this report, the measurement of the acquisition-date fair value of the acquired assets and liabilities, and the determination of identifiable intangible assets and goodwill arising from the acquisition, have not been finalised. The accounting for the business combination will be finalised within 12 months of the purchase.

32 Sale of Wealth Advice Services business

(a) Description

On 30 November 2023, the Group sold all of its shares in Australian Unity Personal Financial Services Limited and PFS Investment Management Pty Ltd, the wholly-owned subsidiaries operating the Group's Wealth Advice Services business, for $22,548,000. The sale is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the five months ended 30 November 2023 and the year ended 30 June 2023.

	2024 (five months) $'000	2023 (twelve months) $'000
Revenue and other income	34,294	81,190
Expenses, excluding finance costs	(35,437)	(93,348)
Finance costs	(126)	(402)
Loss before income tax	(1,269)	(12,560)
Income tax benefit	381	1,760
Loss after income tax of Wealth Advice Services business	(888)	(10,800)
Gain on sale of Wealth Advice Services business after income tax	1,416	-
Profit/(loss) from discontinued operation	528	(10,800)
Net cash outflow from operating activities	(3,739)	(2,774)
Net cash outflow from investing activities	-	(3)
Net cash inflow from the sale of Wealth Advice Services business	9,605	-
Net cash inflow from financing activities	1,030	3,150
Net increase in cash generated by Wealth Advice Services business	6,896	373

(c) Detail of the sale of Wealth Advice Services business

	$'000
Cash consideration	12,008
Fair value of deferred consideration	2,500
Fair value of contingent consideration	8,040
Total consideration	22,548
Carrying amount of net assets sold and incremental costs directly related to the sale	(23,019)
Loss on sale before income tax	(471)
Income tax benefit	1,887
Gain on sale of Wealth Advice Services business after income tax	1,416

(d) Carrying amount of net assets disposed of

	30 November 2023 $'000
Assets	
Cash and cash equivalents	1,431
Trade and other receivables	6,292
Intangible assets	18,816
Total assets	26,539
Liabilities	
Trade and other payables	4,492
Total liabilities	4,492
Net assets	22,047

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not satisfy the recognition criteria.

33 Commitments

(a) Capital commitments

Expenditures contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 $'000	2023 $'000
Financial assets at fair value through profit or loss		
Within one year	3,200	5,068
	3,200	5,068
Investment properties		
Within one year	56,566	58,951
Later than one year but not later than five years	-	6,149
	56,566	65,100
Total capital commitments	59,766	70,168

The Group is engaged in a social infrastructure development project in Brisbane, Queensland, being the Herston Quarter Redevelopment Project which is developed and operated by Herston Development Company Pty Ltd (HDC – a wholly-owned subsidiary of the Group).

In addition to the Group's capital commitments above, HDC has also committed to deliver various contractual milestones for each stage of the project under the overarching Development Agreement between HDC and the Metro North Hospital and Health Service. The major milestones are anticipated to be completed within the next four years with capital expenditure in the range of $55 million.

(b) Credit related commitments

The Group has binding commitments to extend credit which are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

	2024 $'000	2023 $'000
Irrevocable approved but undrawn loans	45,787	47,876
Revocable loans with balances available for redraw	57,367	55,470
Revocable undrawn lines of credit, credit cards and overdrafts	16,467	16,925
	119,621	120,271

34 Contingencies

Contingent liabilities

There have been legal claims lodged for damages against the Group for which no provision has been raised, due to the belief it is not probable that these claims will succeed and that it is not practical to estimate the potential effect of these claims. The directors are of the view that none of these claims are likely to result in material exposure. The Group also has contingent liabilities arising in the ordinary course of business, including costs which might arise from a customer remediation program, in relation to which any unprovided liabilities cannot yet be reliably estimated.

Guarantees

The Group has entered into bank guarantee arrangements totalling $109,879,000 (2023: $97,409,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Group had no other contingent assets or liabilities at 30 June 2024.

35 Events occurring after the reporting period

MCI dividend

On 28 August 2024, the board has determined a final fully franked dividend of $2.5068 per Australian Unity Mutual Capital Instrument (MCI) to be paid on 15 October 2024.

The board is not aware of any other matter or circumstance arising since 30 June 2024 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.
This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

36 Related party transactions

(a) Parent entity

Australian Unity Limited is the parent entity and the ultimate parent entity of the Australian Unity Group.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

(c) Joint ventures

The Group has joint control interests in the following joint ventures:

	2024		2023	
	Ownership interest held	Share of net gain/(loss) $'000	Ownership interest held	Share of net gain/(loss) $'000
Acorn Capital Limited	**40.7%**	**(249)**	40.7%	3,607
Ramsay Connect Pty Ltd	**50.0%**	**14**	50.0%	(763)
114 Albert Road Holding Trust	**40.5%**	**-**	40.5%	-
Australian Unity Keppel Capital Pty Limited	**-**	**-**	50.0%	(47)
		(235)		2,797

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 37.

(e) Related party transactions

Transactions between the Group and related parties for the financial years ended 30 June 2024 and 2023 were as follows:

- Property development management fees charged to related entities, $7,915,431 (2023: $117,814).
- Fees charged by related entities for the construction of aged care and retirement village properties, $34,915,000 (2023: $3,520,000).
- Investment management fees charged by joint ventures, $nil (2023: $862,044).
- Commission, director fees and other costs charged to joint ventures, $nil (2023: $91,470).
- Payments for investments in associates and joint ventures, $nil (2023: $370,000).
- Investment income from related entities, $4,580,669 (2023: income from related entities $5,000,294).
- Interest charged by a related entity, $323,153 (2023: $270,478).

All transactions with related entities are entered into on normal commercial terms and conditions and at market rates as applicable.

(f) Balances with related parties

The following balances with related entities which are not part of the consolidated entity were outstanding at the end of each reporting period:

	2024 $	2023 $
Assets		
Cash and cash equivalents	**411,763,357**	646,859,572
Trade and other receivables	**541,618**	759,049
Financial assets at fair value through profit or loss	**440,460,360**	374,542,047
	852,765,335	1,022,160,668
Liabilities		
Trade and other payables	**-**	208,105
Loans payable to related entities	**5,100,000**	5,100,000
	5,100,000	5,308,105

37 Key management personnel disclosures

(a) Key management personnel compensation

	2024 $	2023 $
Short term employee benefits	**7,607,261**	6,910,041
Post employment benefits	**287,531**	266,986
Long term benefits	**132,901**	(54,776)
Termination benefits	**509,876**	118,374
MCI-based payments	**1,195,689**	618,988
	9,733,258	7,859,613

Detailed remuneration disclosures are provided in the Remuneration report in the Directors' report.

(b) Other transactions with key management personnel

From time to time the directors of the Parent entity and its controlled entities may purchase or subscribe to the various products or securities offered by the Group. These transactions are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

As of 30 June 2024, the residential loan balance for key management personnel is $1,912,685 (2023: $3,147,339).

38 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity:

(a) Audit and other assurance services

	2024 $	2023 $
KPMG (2023: PricewaterhouseCoopers Australia)		
Audit and review of financial statements	**3,260,149**	2,495,167
Audit of regulatory returns	**380,000**	551,286
Other assurance services	**404,500**	469,695
Deloitte Touche Tohmatsu		
Audit of the financial statements - MHC	**559,275**	-
Total remuneration for audit and other assurance services	**4,603,924**	3,516,148

(b) Taxation and other services

	2024 $	2023 $
KPMG (2023: PricewaterhouseCoopers Australia)		
Tax governance services	**15,000**	40,000
Tax consulting services	**-**	266,065
Other services	**353,000**	2,500
Total remuneration for audit and other assurance services	**368,000**	308,565
Total auditors' remuneration	**4,971,924**	3,824,713

It is Australian Unity Limited's policy to employ KPMG on assignments additional to their statutory audit duties only where KPMG's expertise and experience with Australian Unity Limited's business are essential to the efficient completion of the assignment. It is Australian Unity Limited's policy to seek competitive tenders for all major consulting projects.

39 Benefit fund policy liabilities

The Group's benefit fund disclosures are set out below, reflecting the operations of the benefit funds managed by the Group.

(a) Reconciliation of changes in policy liabilities

	2024 $'000	2023 $'000
Life investment contract policy liabilities		
Balance at the beginning of the financial year	**1,718,397**	1,555,009
Policy liabilities acquired on business combination	**899,380**	-
Increase/(decrease) recognised in the profit or loss	**213,574**	104,480
Premiums recognised as a change in contract liabilities	**284,935**	238,822
Claims recognised as a change in contract liabilities	**(268,552)**	(179,914)
Balance at the end of the financial year	**2,847,734**	1,718,397
Life insurance contract policy liabilities		
Balance at the beginning of the financial year	**762,620**	800,352
Increase/(decrease) recognised in note 14	**101,484**	(37,732)
Balance at the end of the financial year	**864,104**	762,620
Net policy liabilities at the end of the financial year	**3,711,838**	2,481,017

(b) Actuarial methods and assumptions

The following discloses information that identifies and explains the amounts in the Group's financial statements relating to its benefit fund insurance contract liabilities ("liabilities"). This includes disclosures about assumptions used in determining those liabilities.

The following is the summary of assumptions to be included in the notes to the financial statements:

Insurance Contract Liability Valuations measured using the General Measurement Model

The funds without discretionary participating features (i.e. declare no bonuses) comprise the following:

- Endowment and Funeral Fund (denoted as the Funeral Fund);
- Funeral and Ancillary Benefits Fund;
- Travel Protection Fund;
- Personal Risk Insurance Fund; and
- Accidental Death Benefits Fund, Adult Accident Fund and Student Accident Fund, collectively referred to as the "Accident Funds"

For these funds, liabilities are determined in accordance with AASB 17 using the General Measurement Model ("GMM"). Under this method, estimates of future cash flows (i.e. premiums, expenses and benefits) are projected into the future and discounted using a risk-free discount rate, plus an illiquidity premium (if applicable). The liability is calculated as the net present value of these projected cash flows together with a Contractual Service Margin ("CSM"), and a Risk Adjustment ("RA").

The key assumptions for the liability calculations for these funds at 30 June 2024 were as follows:

Fund Name	Measurement Model	Discount Basis	Mean Liability Term (Yrs)	Expenses (% of assets)	Investment Tax Rate	Mortality Scaling	Mortality Table[1]
Funeral Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	11.5	0.35%	0%	70%	ALT2018-20
Funeral and Ancillary Benefits Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	9.5	0.42%	0%	100%	ALT2018-20
Travel Protection Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	7.0	0.42%	0%	100%	ALT2018-20

[1] ALT2018-20 refers to *Australian Life Tables (Male and Female) 2018-2020.*

The expense assumptions used are the AASB 17 expense allocations determined by the Group. The other non-financial assumptions are best estimate assumptions derived by analysis of the recent past experience of the funds, the experience of similar funds and actuarial judgement.

For the Personal Risk Insurance Fund and Accident Funds, practical expedients are used as, based on assessments, they produce results that are materially the same.

Insurance Contract Liability Valuations measured using the Variable Fee Approach

Traditional funds

The funds with discretionary participating features (i.e. declare bonuses) comprise the following:

- Life Assurance Benefit Fund;
- Central Sick and Funeral Fund; and
- Whole of Life Funeral Fund

The liabilities for these funds are determined in accordance with AASB 17 using the Variable Fee Approach ("VFA"). Under this method, estimates of future cash flows (i.e. premiums, expenses and benefits) are projected into the future and discounted using the assumed earning rate of the fund. The liability is calculated as the net present value of these projected cash flows together with a Contractual Service Margin ("CSM"), and a Risk Adjustment ("RA").

The key assumptions for the liability calculations for these funds at 30 June 2024 were as follows:

Fund Name	Measurement Model	Discount Basis	Mean Liability Term (Yrs)	Future Bonds Rate[1] (% of assets)	Expenses (% of assets)	Investment Tax Rate	Mortality Scaling	Mortality Table[2]
Life Assurance Benefit Fund	VFA	Earning Rate	6.0	4.40%	0.43%	30%	75%	ALT2018-20
Central Sick and Funeral Fund	VFA	Earning Rate	6.0	2.57%	0.44%	0%	60%	ALT2018-20
Whole of Life Funeral Fund	VFA	Earning Rate	9.0	2.38%	0.58%	0%	100%	ALT2018-20

[1] Surplus above the guaranteed liability is included in the Insurance Contract Liability for funds with Discretionary Participating features in the form of an assumed future bonus.
[2] ALT2018-20 refers to Australian Life Tables (Male and Female) 2018-2020.

(c) Discount rate

The Group uses the following yield curves to discount cash flows:

	1 year	2 years	10 years	15 years	20 years
2024					
Non-participating contracts	4.74%	4.51%	4.78%	4.93%	5.03%
2023					
Non-participating contracts	4.72%	4.35%	4.43%	4.57%	4.64%

40 Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures (refer to note (40(ak)) for further information). The financial statements are for the consolidated entity consisting of Australian Unity Limited (Parent entity) and its subsidiaries and associates, referred to in these financial statements as the Group.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the
Corporations Act 2001.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value (including derivative instruments and insurance liabilities.

(iii) New and amended accounting standards adopted by the Group

Where applicable, the Group has adoapted new and amended accounting standards which have become mandatory for the first time in the current reporting period as set out in below table. The application of the new and amended accounting standards has no impact to the amounts reported in the Group's financial statements, except for AASB 17 *Insurance Contracts* as disclosed in notes 40(d) and 41.

AASB	Title
AASB 17	*Insurance Contracts*
AASB 2021-2	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
AASB 2021-5	*Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
AASB 2021-6	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
AASB 2022-7	*Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

The adoption of these amendments did not have material impact to the Group's financial statements.

(b) Mutual Capital Instruments

Mutual Capital Instruments (MCI) are recognised at the amount of consideration received for securities issued by the Group and reported as equity instruments. Transaction costs, comprising incremental costs directly attributable to MCI transactions, are accounted for as a deduction from equity, net of any income tax benefit. Dividend payments on MCI are recognised directly in equity as a reduction in retained earnings, net of any income tax benefit.

(c) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations.

The results of discontinued operations are presented separately in the comparative statement of comprehensive income as if the operation had been discontinued from the start of the comparative year in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (refer to note 32 for further information).

(d) Implementation of AASB 17 Insurance Contracts

AASB 17 is a new accounting standard for all types of insurance contracts, replacing AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life insurance Contracts*. AASB 17 applies to reporting periods beginning on or after 1 January 2023 and comparative information on the AASB 17 basis is required. The Group has implemented AASB 17 from 1 July 2023 and the transition date is 1 July 2022. Comparative financial information, being that for the 2023 financial year, has been restated in this annual financial report as required by AASB 17. The relevant accounting policies have been amended to comply with the new requirements under AASB 17 as described below:

(i) Key types of insurance contracts issued, and reinsurance contracts held

The Group issues the following types of contracts that are accounted for in accordance with AASB 17:

Health insurance contracts:

- Private health insurance contracts which provide benefits to cover costs arising from a range of services, including hospital services, medical services, prostheses, and ancillary services. The coverage period of these contracts is one year or less. The Group accounts for these contracts applying the Premium Allocation Approach (PAA).

Life business - non-participating contracts, including:

- Funeral and ancillary funds, which are insurance contracts providing funeral and ancillary benefits in the form of fixed sum assured on death, in exchange for fixed contributions.
- Travel protection insurance, which provides transportation benefits from place of death to funeral homes, in exchange for upfront premiums.
- Personal risk insurance fund contracts, which are term life insurance or crisis based contracts that provide either level or decreasing sum assured coverage for a limited period of time in exchange for renewable fixed or fluctuating premiums.

The Group accounts for these policies applying the General Measurement Model (GMM).

Life business - direct participating contracts:

- Life insurance contracts, which provide whole of life and endowment benefits in the form of sum assured plus bonuses, in exchange for contributions on a fixed scale. The Group accounts for these policies applying the Variable Fee Approach (VFA).
- Central sick and funeral funds, providing funeral benefits, endowment benefits and supplementary sickness benefits in the form of fixed sum assured plus bonuses, in exchange for contributions. The Group accounts for these policies by applying the VFA.
- Endowment and funeral funds, which provide funeral benefits and endowment benefits in the form of fixed sum assured, in exchange for contributions on a fixed scale. The Group accounts for these policies applying the GMM. Although the fund rules allow for participation, in practice, with the Group applying its discretion, this has not occurred, and surpluses have been transferred to the management fund.
- Whole of life insurance policies, providing fixed coverage with bonuses until death in exchange for level premiums. The Group accounts for these contracts applying the VFA.

Investment contracts with discretionary participation features:

- Funeral and investment bonds, which provide the investor with the right to receive additional discretionary amounts contractually based on specified underlying items and which are expected to be a significant portion of the total contractual benefits. These contracts are accounted for applying the VFA.

The Group also holds reinsurance contracts to mitigate risk exposure. For term life, total and permanent disablement and crisis insurance policies, the Group holds quota share and surplus reinsurance treaties.

The amounts in relation to reinsurance contracts held are considered immaterial, hence, a net approach is taken in the AASB 17 valuation, with a net presentation (i.e. net of reinsurance) adopted in the financial statements.

(ii) Definitions and classifications

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. This assessment is made on a contract-by-contract basis at the contract issue date (or at transition).

The Group issues certain insurance contracts to allow policyholders to participate in investment returns with the Group, sometimes in addition to compensation for losses from insured risk. This comprises of the Group's investment bonds and funeral bonds which consist of investment components. The investment components, which can be investment-linked accounts or investment accounts with discretionary participation features (being capital guaranteed participating benefits), are payable "under all circumstances". The investment-linked component if considered distinct is valued as a financial instrument under AASB 9. The investment account with discretionary participation features is valued under AASB 17 as the Group also issues insurance contracts.

The Group applies AASB 17 to account for non-distinct investment components as part of its insurance contracts. The Group's whole of life and endowment contracts have a surrender value, and therefore contain an investment component which is payable in all circumstances. The Group has assessed that all these contracts contain non-distinct investment components which will be combined and measured with the insurance risk elements, under AASB 17.

The subsidiaries of the Group pay dividends to Australian Unity Limited, which may be used to fund further member benefits, irrespective of the type of contract held by the Group member at the subsidiary level. The Group has determined that the funds received from all entities within the mutual Group are co-mingled, and the nature, quality and amount of any member benefits provided at the Group level are at the discretion of Australian Unity Limited. Based on this, these benefits to the Group's members are considered to be sufficiently far removed from the Group's obligations under its insurance and investment contracts with discretionary participation features held by its policyholders. The benefits are therefore not considered as an obligation by the Group arising from insurance contracts or investments contracts with Direct Participation Features (DPF), to deliver goods or services to policyholders. Rather, the making services available to Group members is a means to return value to the Group members.

(iii) Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of the product lines.

Health insurance

For health insurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The health insurance contracts issued are considered as a single portfolio.

If facts and circumstances indicate that some contracts may be onerous at initial recognition; the Group performs a quantitative assessment. If the estimated fulfilment cash flows exceed the LRC carrying amount, the difference is recognised in profit or loss and the LRC is increased by the same amount, as a Loss Component Liability.

Benefit funds

The Group has determined that contracts within each of its benefit funds are subject to similar risks. Benefit funds are each 'managed together' and this is evidenced through the legislative requirements, benefit fund rules, Financial Condition Report and bonus declarations. The Group has assessed that its AASB 17 portfolios are its benefit funds, except for the Accidental Death, Adult Accident, and Student Accident Funds being included in the Personal Risk Insurance Fund as these are not considered material to the Group.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of AASB 17 are applied.

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. With respect to the benefit fund portfolios, each cohort is then further disaggregated into three groups of contracts:

(a) Contracts that are onerous on initial recognition.

(b) Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently.

(c) Any remaining contracts.

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition (or transition), with fulfilment cash flow expectations determined on a probability-weighted basis. In determining the appropriate grouping, the Group measures a set of contracts together using reasonable and supportable information. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set are in the same group. In the absence of such information the Group assesses each contract individually.

All groups include only contracts issued or renewed within a 12-month period. The composition of groups established at initial recognition is not subsequently reassessed. The groupings are reassessed on renewal where contract boundaries are determined to be short (i.e. shorter than the legal contractual term).

(iv) Contract boundaries

The assessment of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Specifically for investment contracts with DPF which does not include a transfer of significant insurance risk, the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the entity to deliver cash at a present or future date. The entity has no substantive obligation to deliver cash if it has the practical ability to set a price or promise to deliver the cash that fully reflects the amount of cash promised and related risk.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

(v) Initial recognition

For insurance contracts issued, the Group recognises groups of insurance contracts issued from the earliest of the beginning of the coverage period, the date when the first payment from a policyholder is due or received, or when the Group determines that a group of contracts becomes onerous.

Investment contracts with discretionary participation features are initially recognised at the date the Company becomes a party to the contract.

Measurement of insurance contracts issued

Measurement approach	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)
Contracts measured other than the premium allocation approach (PAA) – general measurement method (GMM) and variable fee approach (VFA)	Comprises of the future cash flows that relate to services that will be provided under the contracts in future periods and any Contractual Service Margin (CSM) at that date. The CSM represents the unearned profit in the contracts relating to services that will be provided under the contracts. Under VFA, the unearned profit represents fees charged to the policyholder less expenses incurred.	Under GMM, the LIC consists of the future cash flows related to servicing past claims and expenses incurred. Under VFA, the LIC consists of the account balance which represents the benefits payable.
Contracts measured under PAA	For health insurance, the Group measures the LRC as the amount of premiums received in cash, less the government private health insurance rebate receivables. The Group expenses all insurance acquisition cash flows as they are incurred.	For health insurance, the LIC consists of the future cash flows related to servicing past claims and expenses incurred.

Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

Discount rates that reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts may not be directly observable in the market. Estimation for discount rates is then required.

The Group has not applied discounting to health insurance liabilities due to their short-term nature and as the Group has determined that there is no significant financing component in health insurance contracts with a coverage period of one year or less.

In determining discount rates for cash flows on portfolios measured using the GMM, the Group uses the 'bottom-up approach' to estimate discount rates, by considering key components such as, the risk-free yield curve and the liquidity risk premium.

The Group uses expected real rates of return to discount fulfilment cash flows (FCFs) for contracts measured using VFA.

The Group uses the discount rate applicable to each group of contracts on initial recognition, which is based on recognised contracts. The Group estimates the locked-in discount rate for new groups of insurance contracts issued and this is set as the discount rate derived immediately before the recognition of the group.

The Group has elected not to disaggregate and presents all changes in the discount rates as part of Insurance Finance Income and Expense (IFIE).

Risk adjustment for non-financial risk

The Group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

For health insurance contracts, the risk adjustment on LRC is applicable only when performing onerous contract testing or to calculate the LIC. The Group has adopted an LRC risk adjustment equal to the net margin target in its Pricing Philosophy.

For benefit fund insurance contracts the Group uses the confidence level approach, based on the value at risk, to set the risk adjustment for the LRC at 80% confidence. The risk adjustment calculated using this approach is determined for each subsidiary and aggregated at a consolidated level without adjustment. The risk adjustment on the LIC is immaterial for investment contracts with DPF.

The confidence interval is set at each subsidiary level and incorporates the risk appetite at that level. This confidence interval is then cascaded across portfolios and other groupings of business within the subsidiary, using a systematic and rational method. The confidence interval is applied to determine the risk adjustment, by calibrating the non-financial risk elements of the regulatory capital.

(vi) Subsequent measurement under the GMM

In estimating the total future FCFs, the Group distinguishes between those relating to already incurred claims and those relating to future services. Cash flows (including experience adjustments) relating to current or past service are recognised immediately in profit or loss, while cashflows (including experience adjustments) relating to future services adjusts the CSM.

Recognition in profit or loss (current or past service)

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. This includes changes in FCFs for the effect of the time value of money and the effect of financial risk and changes thereof, changes in the FCFs relating to the LIC, and experience adjustments relating to insurance service expenses.

The Group determines coverage units to represent the insurance services that are delivered by these contracts. The coverage units are based on the sum of the sums insured, both current and future expected, over the expected life of the contract. The number of coverage units changes as insurance contract services are provided, contracts expire, lapse, or surrender and new contracts are added into the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts, which can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. In determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

Adjustments to the CSM (future service)

For insurance contracts without direct participating features, the following changes in FCFs are considered to be related to future services and adjust (or 'unlock') the CSM:

- Experience adjustments relating to the premiums received in the period that relate to future services, and any related cash flows such as premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised.
- The change in the estimate of the present value of expected future cash flows in the LRC measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition.
- Changes in the risk adjustment for non-financial risk relating to future services. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money.
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. Both these amounts are measured at the discount rates applicable when the contracts in the group were initially recognised.

(vii) Subsequent measurement for contracts accounted under VFA

The carrying amount of the CSM for direct participating contracts at the end of the reporting period is the carrying amount at the beginning of reporting period adjusted for:

- The effect of any new contracts added to the group;
- The change in the amount of Group's share of the fair value of the underlying items except for:
  - Increases in FCFs that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous; or
  - The decrease in the amount of Company's share of the fair value of the underlying items that exceeds the carrying amount of the CSM giving rise to a loss.
  - The increase in the amount of Company's share of the fair value of the underlying items that reverses a previously recognised loss on an onerous group of contracts.
- The changes in FCFs relating to future service, except to the extent that:
  - Such increases in the FCFs exceed the carrying amount of CSM, giving rise to a loss; or
  - Such decreases in the FCFs are allocated to the LC of the LRC; and
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

In determining the number of coverage units for contracts accounted under VFA, the Group applies the following methods:

i. For investment contracts with discretionary participating features, the quantity of coverage units is determined based on the expected period of the contracts and the level of benefits based on the expected expenses the Group will incur to render the investment-related service that produces the policyholder's benefits under the contract.

ii. For insurance contracts with direct participation features, the Group determines coverage units to represent the investment-related and insurance services that are delivered by these contracts.

iii. The coverage units are based on the sum of the sums insured and bonuses, both current and future expected or on the sums of the account balances including crediting rates, both current and future expected. The Group chooses to discount the coverage units using the rate applicable to the VFA for insurance contracts with direct participation features.

All CSM adjustments are measured considering a current measure of the time value of money with full allowance of its dependency on the financial variables affecting the fair value returns of the underlying items.

Applying the VFA, the changes in FCFs that adjust the CSM are changes in the amount of Company's share of the fair value of the underlying items and changes in FCFs that do not vary based on the returns of the underlying items. The changes in FCFs that do not vary based on the returns of the underlying items are:

- Changes in the effect of the time value of money and financial risks not arising from the underlying items, for example the impact of financial guarantees;
- Experience adjustments arising from premiums received in the period related to future service;
- Changes in the estimate of future expected cash flows of the LRC;
- Differences arising from timing of payment of investment components; and
- Changes in the risk adjustment for non-financial risk related to future service.

(viii) Onerous contracts for contracts other than PAA

The Group considers an insurance contract to be onerous if the expected FCFs allocated to the contract plus any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of FCFs. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's loss component and is recognised in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in FCFs of the LRC on a systematic basis.

For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. These are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

(ix) Subsequent measurement for insurance contracts measured under the PAA

On subsequent measurement, premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums and insurance revenue received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Group has determined that there is no significant financing component in insurance contracts with a coverage period of one year or less. Hence, the Group does not discount the LRC to reflect the time value of money and financial risk for such insurance contracts.

For insurance contracts issued and measured under the PAA, the risk adjustment on LRC is applicable only when performing onerous contract testing or to calculate the LC. The risk adjustment is determined using a confidence interval. The confidence interval is expressed as the minimum of the target net margin as set in the pricing philosophy.

For health insurance contracts, the risk equalisation payments to and from the Risk Equalisation Special Account (RESA) are treated as part of the FCFs i.e., the calculated deficit is included in the insurance service expense and the gross deficit payment receipts are considered as third-party recoveries and included in the insurance service expense as a negative amount. Any balances in the RESA at the end of the reporting period are recorded as part of the LIC.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts. This allocation is done based on the number of days in the coverage period of the insurance contracts issued.

For insurance contracts measured using the PAA, the contracts are assumed to be profitable unless facts and circumstances indicate otherwise. For the health insurance contracts, the assessment of facts and circumstances is performed on a quarterly basis.

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs an onerous test. If the amount of the FCFs exceed the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

The risk adjustment for the Group's health insurance for the LRC and LIC is set at 80% confidence interval.

(x) Modification and derecognition

The Group derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. This is usually at the end of the coverage period.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly. Had the new terms always existed, a new contract based on the modified terms is recognised. Contracts based on modified terms are accounted for by applying note 40(d)(v).

If a contract modification does not result in derecognition, then the Group continues to apply note 40(d)(vi) and note 40(d)(vii) to the contract at subsequent measurement.

(xi) Presentation

The Group presents separately in the balance sheet the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the statement of comprehensive income into an 'operating profit' sub-total which also includes the net insurance income. The net insurance income comprises of the insurance service result (being insurance revenue and benefit funds insurance revenue net of insurance services expenses and benefit funds insurance services expenses) net of insurance finance income and expense and benefit funds insurance finance income and expense.

Insurance revenue

For the contracts measured under the GMM and the VFA, the Group recognises insurance revenue as it satisfies its performance obligations as it provides coverage or other services. The Group recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses. The CSM is allocated equally to each coverage unit provided in the period and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the period.

For contracts which are all measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Group allocates the expected premium receipts to each period based on the passage of time or based on the expected pattern of release of risk during the coverage period.

Insurance service expense

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise of incurred claims and other insurance service expenses, amortisation of acquisition cash flows, losses on onerous contracts and reversals of such losses, and adjustments to the liabilities for incurred claims for movements in the undiscounted claims experience.

For health insurance, the calculated deficit in the RESA i.e. the payments, are included in the insurance service expense and the gross deficit payment receipts are considered as third-party recoveries and included in the insurance service expense as a negative amount.

Insurance finance income or expenses (IFIE)

The Group presents all of the period's IFIE in profit or loss. IFIE present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

For PAA contracts

For those claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks.

For non-participating contracts

For non-participating contracts whose cash flows are not affected by underlying items, the Group has elected to present all IFIE in profit or loss.

For direct participating contracts where the underlying items are held

For direct participating contracts, for which the Group holds the underlying items, the Group presents all IFIE in profit or loss.

(e) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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 Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated statement of comprehensive income, balance sheet and statement of changes in equity respectively.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting (refer to (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures, but not joint operations. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method
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.

When 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. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 40(q).

(v) Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with members of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to members of Australian Unity Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(vi) Life insurance benefit funds
The Group's life insurance operations are conducted within separate benefit funds as required by the Life Insurance Act 1995. The assets, liabilities, revenue and expenses of the benefit funds are consolidated in the Group's financial statements.

(f) Benefit fund policy liabilities

(i) Classification
The Group's life insurance liabilities are held within separate benefit funds as required by the *Life Insurance Act 1995.* The activities of the benefit funds are included within the consolidated financial statements but are governed and managed separately. Life insurance liabilities are classified for accounting purposes as either life insurance contract liabilities, participating life investment contract liabilities or non-participating life investment contract liabilities.

Life insurance contracts are contracts which transfer significant insurance risk at the inception of the contract. Insurance risk is considered to be significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance.

Life investment contracts are contracts regulated under the *Life Insurance Act 1995* but that do not transfer significant insurance risk. Life investment contracts are further categorised into participating and non-participating contracts. Participating life investment contracts are contracts that contain a discretionary participation feature ("DPF"). A DPF is a contractual right to receive as a supplement to guaranteed benefits, additional benefits: (i) that are likely to be a significant portion of the total benefits; (ii) whose amount or timing is contractually at the discretion of the issuer; and (iii) that are based on the performance of a specified pool of assets.

Life insurance contract liabilities and participating life investment contract liabilities are classified and accounted for under the requirements of AASB 17 *Insurance Contracts*, and are referred to in these financial statements as life insurance contract policy liabilities. Non-participating life investment contract liabilities are classified and accounted for under the requirements of AASB 9 *Financial Instruments* and are referred to in these financial statements as life investment contract policy liabilities.

Life investment contract policy liabilities include investment linked contracts in which the Group issues a contract where the benefit amount is directly linked to the market value of the investments held by the benefit fund. While the underlying assets are registered in the name of the benefit fund and the investment linked policyowner has no direct access to the specific assets, the contractual arrangements are such that the investment linked policyowner bears the risks and rewards of the benefit fund's investment performance. The Group derives fee income from the administration of the investment linked contracts.

Non-investment linked business is business in which the Group issues a policy contract where the insured benefit is not directly linked to the market value of the investments held. These benefits are payable on death, or on the occurrence of an insured event.

(ii) Valuation

The fair value of life insurance contract liabilities are determined using a projection method. The participating investment contract liabilities, which are classified as life insurance contracts, are valued under an accumulation method. Further details of the actuarial assumptions used in the calculation of these policy liabilities are set out in note 39.

The participating investment contract liabilities, which are classified as life insurance contracts, are valued under an accumulation method whereby policyholder liabilities are equal to the value of the assets backing the liabilities. The liability reported under this approach is equal to the account balance pre-bonus plus the current bonus plus the difference between the value of the assets and the preceding items. The exception is for funeral funds which are valued based on the net present value of the projected cash flows.

The non-participating investment contract liabilities, which are classified as life investment contracts, are measured at fair value. The contracts consist of a financial instrument and an investment management services element, both of which are measured at fair value. The liability to policyholders is linked to the performance and value of the assets that back the liabilities. The liabilities are therefore the same as the fair value of the assets.

(iii) Claims expense

For life insurance contract liabilities and participating investment contract liabilities, claims are recognised when the liability to the policyholder under the contract has been established (i.e. on notification of death, at time of admittance, or when payment is due).

For life investment contract policy liabilities there are no claims expenses. Surrenders and withdrawals are not included in the profit or loss but are instead deducted from investment contract liabilities.

(g) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(h) Borrowings

Borrowings are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition or issue of the borrowings. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Securities sold under repurchase agreements are retained on the balance sheet where substantially all of the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within the borrowings when the cash consideration is received.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations. 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 excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the Group's share of the net identifiable assets of the subsidiary acquired, and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit or loss as a gain on acquisition (bargain purchase).

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

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.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss. Acquisition-related costs are expensed as incurred.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedging relationship designated.

The Group designates its derivatives as hedges of interest rate risk associated with the cash flows of recognised liabilities (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The fair values of derivative financial instruments used for hedging purposes are included in other assets or other liabilities as applicable. Movements in the hedging reserve are shown in the Consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that a re designated and qualify as cash flow hedges is recognised in other comprehensive income and the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss as part of the Finance costs in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss as part of the Finance costs.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(l) Employee benefits

Employees engaged in the Group's operations are employed by subsidiary entities, Australian Unity Group Services Proprietary Limited, Australian Unity Home Care Service Pty Ltd, Australian Unity Bank Limited (formerly Big Sky Building Society Limited) and Lifeplan Australia Friendly Society Limited.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of each reporting period are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period 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 end of each reporting period on high quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Superannuation

The employer contributes to the Australian Unity Staff Superannuation Plan (a sub plan of the MLC employer sponsored superannuation plan), the Hesta Superannuation Fund and other complying superannuation funds nominated by employees. The Australian Unity Staff Superannuation Plan is open to new members and is an accumulation fund, where the employer contributions are fully vested in the member. The Hesta Superannuation Fund is an industry based fund for employees working in the retirement village complexes and aged care facilities. The employer is required to contribute to the above mentioned plans in accordance with the Superannuation Guarantee Legislation.

One of the Group's subsidiaries makes contributions to three external defined benefit superannuation schemes that provide defined benefit amounts for employees on retirement. These schemes are closed to new members from the Group. The net obligation in respect of these defined benefit schemes is calculated separately for each of the relevant Group employees by estimating the amount of future benefits that they have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value and the fair value of any plan assets is deducted. All actuarial gains and losses are recognised directly in equity. The Group does not consider its net obligation in respect of these defined benefit schemes to be material as at the end of each reporting period.

(m) Financial guarantee contracts

A financial guarantee contract is a contract requiring the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due in accordance with terms of the debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

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

(o) Government grants and subsidies

Grants and subsidies from the government are recognised at their fair value where there is a reasonable assurance that the grant and subsidies will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(p) Health insurance

(i) Classification

Health insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as a health insurance contract, it remains as a health insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

The Group has determined that all current contracts with health insurance policyholders are health insurance contracts.

(ii) Claims

Health insurance claims include all claim losses occurring during the year, whether reported or not, and any adjustments to claims outstanding from previous years.

(q) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(r) Income tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carrying forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

Australian Unity Limited (Parent entity) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The Parent entity, as head entity, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The Parent entity also recognises the current tax assets or liabilities, and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

The entities under the tax consolidated group entered into a tax funding agreement under which the wholly-owned entities fully compensate the Parent entity for any current tax payable assumed and are compensated by the Parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The Parent entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(s) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 40(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains/(losses) on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount, based on value-in-use calculations, of the cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and of the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Aged care bed licences

Prior to 1 October 2021, bed licences for aged care facilities were assessed as having an indefinite useful life as they were issued for an unlimited period and therefore were not amortised. Following on the government announcement in 2021 that the residential aged care bed licence and the Aged Care Approval Rounds will be abolished from 1 July 2024, the carrying amount of bed licences were amortised from 1 October 2021 until 30 June 2024.

(iii) Computer software

Costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as computer software. Computer software is initially recognised at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software and licences over their estimated useful lives, which vary from 4 to 7 years.

Costs incurred in configuring or customising cloud-based software under software as a service (SaaS) arrangement are recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in creating an intangible asset are expensed as incurred, unless they are paid to the supplier of the SaaS arrangement to significantly customise the cloud-based software for the entity, in which case the costs are recorded as a prepayment for services and amortised over the expected term of the arrangement.

(iv) Management rights and other intangible assets

Management rights and other intangible assets acquired separately are initially recognised at cost. The cost of management rights and other intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Management rights and other intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of intangible assets over their estimated useful lives, which vary from 4 to 10 years. These intangible assets are assessed for impairment whenever there is an indication that they may be impaired. Management rights and other intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(t) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties other than development sites are stated at fair value. Gains/(losses) arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise. Retirement village development sites are recognised at fair value, while other development sites are recognised at cost.

Retirement village investment property relates to interests in retirement village independent living units and aged care facilities where the aged care facilities are managed by operators which are not part of the Group. These investments are initially measured at cost and when the facilities are complete, or substantially complete, they are stated at fair value. The fair value represents the present value of future cash flows based upon statistical modelling of incoming and outgoing residents and includes assumptions in respect of a number of factors, such as average length of residence and expected changes in property prices.

Land held for development purposes of investment property is also classified as investment property.

Retirement village development sites are built in stages and usually take several years to complete. After each stage is built the developer operates it during the village's remaining construction phases and earns rentals and may earn capital appreciation from the completed stages during this period.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains/(losses) on the derecognition of an investment property are recognised in the profit or loss in the year of derecognition.

(u) Investments and other financial assets

Classification

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the relevant cash flows.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model the objective of which is to hold assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Recognition and derecognition

A financial asset is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally at trade date. Loans and receivables are recognised when cash is advanced to the borrowers.

A financial asset is derecognised when the contractual cash flows from the asset expire or the rights to receive contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of the ownership are transferred. Any interest in a transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Measurement

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to the initial recognition, for financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held as described below. The Group reclassifies debt investments when and only when its business model for managing those assets changes. For investments in equity instruments, the fair value will be recorded in profit or loss, unless the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Repurchase agreements

Securities sold under repurchase agreements are retained on the balance sheet where substantially all of the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within the borrowings when the cash consideration is received.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in profit or loss using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI)
  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method.
- Fair value through profit or loss (FVPL)
  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net within investment gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends and distributions from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in investment gains/(losses) in the statement of profit or loss.

Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The recognition of impairment depends on whether there has been a significant increase in credit risk.

Debt investments at amortised cost are considered to be low credit risk, and thus the impairment provision is determined as 12 months ECL.

For loans to customers, the Group applies a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

- Stage 1: 12-months ECL
  For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- Stage 2: Lifetime ECL– not credit impaired
  For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- Stage 3: Lifetime ECL – credit impaired
  Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of significant increase in credit risk, loans are grouped on the basis of shared credit risk characteristics, taking into account the type of loans, days in arrears, loan collaterals, remaining term to maturity, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted amount of the present value of all reasonable cash shortfalls over the expected life of the loans discounted at the effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group considers its historical loss experience and adjusts this for current observable data. In addition, the Group uses reasonable and supportable forecasts of future economic conditions including macroeconomic factors and how changes in these factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of ECL is recognised using a provision for doubtful debts account. If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

(v) Leases

Group as a lessee

The Group leases commercial buildings, computer equipment and motor vehicles under non-cancellable lease contracts. While lease contracts are typically made for fixed periods, they have varying terms and renewal rights. On renewal, the terms of the leases can be renegotiated.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Initial measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group considers any recent external borrowing received by the Group's entities, including any changes in financing conditions since the borrowing is received. The Group applies a three-month bank bill swap curve plus a margin that reflects the credit risk to determine the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly consist of computer equipment.

Subsequent measurement

Subsequent to the initial recognition, lease liabilities are adjusted by the interest charges, lease payments made and any re-measurement to reflect reassessment or lease modifications.

When the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Subsequent to the initial recognition, right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term for accounting, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Factors to be considered include, but are not limited to, historical lease duration, costs and business disruption required to replace the leased assets, the amount of termination penalties and remaining value of any leasehold improvements. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The extension options in buildings and motor vehicles leases, if any, have not been included in the lease liability as the Group could replace the leases without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee.

Group as a lessor

As lessor, leases are classified as either an operating lease or a finance lease. Income from operating leases is recognised on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Assets held under a finance lease are initially recognised on the balance sheet at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease.

Where the Group is an intermediate lessor in a sublease transaction, the sublease is accounted for by reference to the respective head lease. If the head lease is a short-term lease, the sublease income is recognised as operating lease income over the lease term. For an asset that is subleased, the head lease does not qualify to be a lease of a low-value asset.

(w) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the consolidated balance sheet.

(x) Property, plant and equipment

(i) **Cost**
Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) **Depreciation**
Land is not depreciated. Depreciation on other property, plant and equipment is calculated on a straight line basis to write off the net cost or revalued amount of each asset over its expected useful life. Estimates of remaining useful lives are reassessed annually for major items.

The expected useful lives are as follows:

Category	Useful life
Buildings	40 years
Plant and equipment	4 - 20 years
Leasehold improvements	5 years
Non-participating contracts	4.72%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/(losses) on disposals are determined by comparing proceeds with carrying amount and included in the profit or loss. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

Non-property assets under construction are recorded at cost within plant and equipment. These assets are transferred to an appropriate asset category on completion and depreciation commences only when the assets come into operational service.

(y) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(z) Refundable accommodation deposits

Refundable accommodation deposits represent payments received from the residents of aged care facilities as upfront deposits for their aged care accommodation. Residents have the ability to pay the deposits up to six months after moving into an aged care facility. These deposits are non-interest bearing and are repayable within 14 days of a resident's departure from the facility or within 14 days of the granting of probate. Regulations restrict the permitted use of the accommodation deposits to repayment of accommodation deposit balances, capital expenditures of residential aged care facilities and investments in qualified financial products.

(aa) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, IBNR, IBNER and unexpired risk liabilities are recognised as revenue.

Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

(ab) Reserve for credit losses

The reserve for credit losses is used by a bank subsidiary company to recognise an additional impairment allowance for credit losses required by the Australian Prudential Regulation Authority (APRA) when reporting financial results to this regulatory authority. It is recognised as an appropriation of retained earnings to non distributable reserves. This additional impairment allowance is not permitted by Australian Accounting Standards to be recognised as an impairment charge against loans and overdrafts or recognised as an expense in the Consolidated statement of Comprehensive Income.

(ac) Resident loans

Retirement village residents, upon entering certain accommodation types, provide a loan to the village operator, from which deferred management fees are deducted in respect of the provision of certain services and facilities. The actual amount repayable upon departure from the accommodation is determined by the terms of the existing tenancy contracts. In certain cases, the amount repayable includes the resident's share of any increase in the value of the property occupied by the resident during the period of tenancy. As these amounts are payable on demand, they are treated as a current liability and are carried at amortised cost using the effective interest method even though they relate to occupancy of the investment properties which are non-current assets and on average only a small proportion is repaid in any one year.

(ad) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue/income can be reliably measured. As the Group operates diverse businesses, it applies a number of relevant accounting standards for the recognition of revenue: AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases*, AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, and AASB 17 *Insurance Contracts*. The following summarises specific recognition criteria in line with these standards:

(i) Insurance revenue (AASB 17)

As insurance services are provided the Group reduces its Liability for Remaining Coverage (LRC) and recognises insurance revenue, which is measured as the amount of consideration the Group expects to be entitled to in exchange for those services.

(ii) Government grants and subsidies (AASB 120)

Government grants and subsidies funding aged care and home care services are recognised as the services are provided.

(iii) Revenue from contracts with customers (AASB 15)

The Group's revenue governed by the requirements of AASB 15 is related to services provided under contracts with customers in the operation of retirement communities, aged care facilities, home care services, health services, wealth assets management and administration, financial planning, estate planning, trustee services, and finance and general insurance broking services.

The revenue recognition from these services is based on the delivery of performance obligations by the Group and an assessment of when the control is transferred to the customer. Revenue is recognised either at a point in time when the performance obligation in the contract has been completed by the Group or over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

The transaction price is measured at contract inception, being the amount to which the Group expects to be entitled and to which it has rights under the contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on certain achievements. Such amounts are only included based on the expected value or the most likely outcome, and only to the extent that it is highly probable that no revenue reversal will occur. The Group identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations.
The transaction price is adjusted for the time value of money where the period between the transfer of the promised services to the customers and payment made by the customers exceeds one year.

Residential Aged Care and Home Health services fees

The services fees are revenue generated from the provision of home health services and the management of retirement communities and aged care facilities. Revenue is recognised over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

Management and performance fees

Management fees are earned from wealth management and trustee services provided over the life of the contracts and revenue is recognised periodically over time. Any associated performance fees are deemed to be a variable component of the management services that are constrained and recognised only if it is highly probable that the performance hurdles are met and reversal will not occur.

Brokerage and commission income

Brokerage and commission are earned from contracts with customers where the Group entities act as an agent to sell general and life insurance products. Commission is also earned from property sale services provided within trustee services and the operations of retirement villages. Revenue is recognised at a point in time when the transfer of the underlying asset has occurred.

Healthcare services revenue

Healthcare services revenue represents fees charged for physiotherapy and other healthcare services provided to customers. Revenue is recognised after the delivery of services to the customers.

Assets and liabilities recognised from contracts with customers

As a result of the contracts with customers, the Group recognises Trade receivables and a number of contract assets and liabilities. Trade receivables are recognised when the Group has the right to consideration that is unconditional (no change in accounting policy). Contract assets are recognised when the Group has a conditional right to consideration for the services that have been provided to customers. Contract liabilities are recognised when the Group receives payments in advance for the services that will be provided to customers. The Group also capitalises incremental costs in obtaining contracts with customers.

Accrued and deferred income

Customer contracts generally include arrangements for payments dependent upon the nature and type of services being provided. Customer payments may be required at the inception of the contract (advance payment) or regular payments for ongoing service delivery or at the end of the contract (in arrears) or a combination of these with varied amounts. Accrued income is recognised as a contract asset for unbilled service revenue. Deferred income is recognised as a contract liability where a customer pays in advance or pays a deposit prior to the delivery of the contracted services.
On the balance sheet, accrued income is presented as part of Trade and other receivables, while deferred income is presented as part of Trade and other payables.

Capitalised costs to obtain a contract

The incremental costs of obtaining a contract with a customer are capitalised as an asset to the extent to which the costs are expected to be recovered over a period of more than one year. The asset is amortised on a systematic basis that is consistent with the timing of recognition of the relevant revenue. The asset is subject to an impairment assessment through a review of the recoverability against the remaining future revenue, net of respective future expenses. The capitalised costs to obtain a contract are presented as part of Intangible assets on the balance sheet.

In determining the amount of capitalised costs to obtain a contract, management forms a number of key judgements and assumptions which include an assessment of the incremental costs, whether such costs should be expensed as incurred or capitalised, and the period of amortisation of the capitalised costs. These judgements may inherently be subjective, and cover future events such as the recoverability of the capitalised costs through future net income streams over a certain period.

Deferred management fee

Deferred management fee (DMF) is a contracted fee charged to a resident of a managed retirement village. The amount of DMF is linked either to the ingoing contribution the resident paid on entry to the retirement village or to the turnover value of a unit on exiting the village and is expressed as a percentage charge per annum over the period of occupancy. The number of years the DMF can be charged is usually capped to a specific period of time. DMF revenue is recognised over the expected length of stay of a resident.

(iv) Interest income (AASB 9)

Interest income is recognised using the effective interest method when the Group has control of the right to receive the interest payment. The effective interest rate method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense over the expected life of the financial asset or financial liability so as to achieve a constant yield on the financial asset or liability.

(v) Dividends and distributions (AASB 9)

Dividends and distributions are recognised when the Group's right to receive the income is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(ae) Risk Equalisation Special Account

Under the provisions of the *Private Health Insurance Act 2007*, stipulated in the *Private Health Insurance (Risk Equalisation Administration) Rules 2007*, all health insurers must participate in the Risk Equalisation Special Account (RESA). These rules charge a levy to all health insurers and share a proportion of the hospital claims on a sliding scale (by age) for all persons aged 55 years and over regardless of their length of stay in hospital. In certain circumstances, these rules also provide for a High Cost Claimants Pool.

The amounts receivable from the RESA are determined by the Private Health Insurance Administration Council after the end of each calendar quarter. Estimated provisions for amounts payable and income receivable are recognised in the liability for incurred claims.

(af) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided as part of the monthly management reporting document. The chief operating decision maker has been identified as the Group Executive Committee that has delegated responsibility from the board for the achievement of the business strategic and operational plans approved by the board.

(ag) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These payables, which are generally settled on 30-90 day terms and are unsecured, are carried at amortised cost. They are presented as current liabilities unless payment is not due within 12 months after the end of each reporting period.

(ah) Trade and other receivables

Trade and other receivables, which are generally settled on 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

The Group applies the simplified expected credit loss approach in place of the incurred credit loss. Under the expected credit loss approach, the Group estimates the expected lifetime losses to be recognised from initial recognition of the receivables.

The amount of the impairment loss is recognised in the profit or loss. When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(ai) New standards and interpretations not yet adopted

The following table sets out the new and amended accounting standards issued by the Australian Accounting Standards Board that are not mandatory for 30 June 2024 reporting period and have not been adopted by the Group.

AASB	Title	Operative Date*
AASB 2022-05	*Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 January 2024
AASB 2023-1	*Amendments to Australian Accounting Standards – Supplier Finance Arrangements*	1 January 2024
AASB 2023-3	*Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2*	1 January 2024
IFRS S2	*Climate-related financial disclosures*	30 June 2026
IFRS 18	*Presentation and Disclosure in Financial Statements*	30 June 2026

*Operative date is for the annual reporting periods beginning on or after the date shown in the above table, unless otherwise stated.

The accounting standards noted above are not expected to have a material impact to the amounts reported in the consolidated financial statements. Where applicable the Group will apply these standards to the annual reporting periods beginning on or after the operative dates set out above.

(aj) Parent entity financial information

The financial information for the Parent entity, Australian Unity Limited, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost less any adjustments for impairment losses. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ak) Comparative information

To enhance comparability with current year disclosures, certain comparative amounts in the financial statements have been reclassified. Such reclassifications have no impact on the Group's profit or net assets. In addition, comparative information in this financial report has been re-presented as a result of an operation discontinued during the current year and restated to reflect the retrospective application requirements of AASB 17 *Insurance Contracts*. (Refer to notes 40(c) and 41 for more details).

41 Changes in accounting policies

(a) Changes in accounting policy

As disclosed in note 40(d), the Group has adopted AASB 17 from 1 July 2023 and has restated comparatives for the previous reporting period as required under the transition provisions in the standard. The impacts of the adoption of AASB 17 and its recognition and measurement of assets and liabilities related to insurance policies are set out below.

(b) Transition

Health insurance contracts issued are measured under the full retrospective approach on transition consistent with the initial recognition and subsequent measurements outlined within note 40(d).

For Benefit Fund insurance contracts issued, which consist of investment contracts with DPF and life insurance contracts, the Group assessed the availability of information and concluded that the full retrospective approach cannot be applied in all circumstances due to impracticability. Where impracticable, the contracts are measured under the fair value approach.

Contracts measured under the fair value approach

The Group concluded that reasonable and supportable information for application of either the full retrospective or modified retrospective approaches was not available for the following contracts and therefore, applied the fair value approach:

- Earlier cohorts of Travel protection contracts
- Traditional products with direct participation features
- Non-participating contracts. Where groups or products were immaterial, reasonable approximations were made.

Reasons for the full retrospective approach being impracticable:

- Endowment and funeral fund, funeral and ancillary fund, personal risk insurance fund, accidental death, adult accident, and student accident products have not been sold for a number of years, with the data for these legacy products not being available.
- Non-availability of sufficient historic information to obtain the market related discount rates required for the VFA modelled products.
- For the Whole of Life portfolio, significant amount of hindsight would be required to acquire, calculate, or produce historic information to enable the measurement of contracts on a fully retrospective approach basis. AASB 17 does not allow the use of hindsight.

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the FCFs of the group of contracts as of that date. In determining fair value, the Group followed the requirements of AASB 13 to the extent it does not contradict AASB 17 requirements and as follows:

- The fair value is based on market assumptions and uses a market view of contract boundary, rather than the AASB 17 contract boundary.
- In respect to the level of aggregation, the Group included all contracts in earlier cohorts prior to the comparative period as single transition groups in their portfolios, as there was no reasonable and supportable information available to make further division.
- The Group used discount rates as at the date of transition, instead of discount rates as at the date of initial recognition.
- The Group did not include an amount for insurance acquisition cash flows in the measurement of the groups of insurance contracts and investment contracts with DPF recognised at the transition date, as the acquisition costs relate to investment contracts and funeral bonds, in respect of which the Group will expense the acquisition costs as incurred.

The Group's net assets as at the transition date of 1 July 2022 were increased by $37.5 million net of tax. This was comprised of the following measurement adjustments:

- The impact of COVID-19 on the Group saw the recognition of a deferred claims liability in its health insurance business in prior periods. Under AASB 17, insurance liabilities are only able to include claims that have occurred prior to the end of the reporting period. Therefore, claims that are expected to arise in the future but have not yet been incurred, such as the deferred claims liability, are unable to be recognised under AASB 17.
- Onerous contracts were recognised on transition relating to some products within the Group's health insurance business.
- Policy election to expense deferred acquisition costs on transition for the Group's health insurance business.

AASB 17 also introduces changes to the presentation and disclosure of insurance line items in the statement of comprehensive income and balance sheet. These reclassification adjustments are also provided in the tables below.

(c) Reconciliation of accounts impacted by AASB 17 as at 1 July 2022

The following table is a reconciliation of the carrying amount of the accounts in the Group's balance sheet which were impacted by the application of AASB 17 as at 1 July 2022, the transition date.

	Net assets			Retained earnings
	Carrying amount 30 June 2022	Addition/ (reduction)	Carrying amount 1 July 2022	Addition/ (reduction) 1 July 2022
Accounts	**$'000**	**$'000**	**$'000**	**$'000**
Increase In assets				
Trade and other receivables	142,909	(45,012)	97,897	270
Other current assets	41,187	(11,470)	29,717	(11,470)
Other non-current assets	41,678	(3,144)	38,534	(3,144)
Total	225,774	(59,626)	166,148	(14,344)
Increase in liabilities				
Trade and other payables	(165,805)	20,185	(145,620)	-
Current provisions	(189,588)	122,405	(67,183)	70,965
Other current liabilities	(1,854,117)	100,437	(1,753,680)	-
Health insurance contract policy liabilities	-	(132,465)	(132,465)	(3,058)
Current benefit fund policy liabilities	(251,431)	251,431	-	-
Current benefit fund insurance contract policy liabilities	-	(85,341)	(85,341)	-
Current benefit fund investment contract policy liabilities	-	(165,810)	(165,810)	-
Deferred tax liabilities	(26,281)	(16,069)	(42,350)	(16,069)
Non-current benefit fund policy liabilities	(2,106,557)	2,106,557	-	-
Non-current benefit fund insurance contract policy liabilities	-	(715,011)	(715,011)	-
Non-current benefit fund investment contract policy liabilities	-	(1,389,199)	(1,389,199)	-
Total	(4,593,779)	97,120	(4,496,659)	51,838
Increase/(reduction) to Net assets and Retained earnings		**37,494**		**37,494**

Consolidated entity disclosure statement

For the year ended 30 June 2024

Key assumptions and judgements

Determination of Tax Residency

Section 295(3A) of the *Corporation Acts 2001 (Cth)* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997 (Cth)*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent in concluding that each entity is an Australian resident for tax purposes, as:

- they are incorporated in Australia;
- the carry on business in Australia; and
- moreover, their central management and control is in Australia.

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year as required by the *Corporations Act 2001* (s.295(3A)(a)).

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the company in the body corporate 2024 %	2023 %	Australian or Foreign resident
114 Albert Development Manager Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 109 163 813 Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 119 493 971 Limited	Body corporate	Australia	**100**	100	Australian
ACN 131 346 711 Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 131 346 784 Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 148 000 355 Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 607 521 951 Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 607 521 960 Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 618 473 715 Pty Ltd	Body corporate	Australia	**100**	100	Australian
Albert Road Development Manager Pty Ltd	Body corporate	Australia	**100**	100	Australian
Argent Nominees Pty Ltd	Body corporate	Australia	**100**	-	Australian
AUIAL Legal Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Advice Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Aged Care Investments Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Aged Care Trust # 1	Trust	Australia	**100**	100	Australian
Australian Unity Aged Care Trust # 2	Trust	Australia	**100**	100	Australian
Australian Unity Aged Care Trust #3	Trust	Australia	**100**	100	Australian
Australian Unity Aged Care Trust #4	Trust	Australia	**100**	100	Australian
Australian Unity Aged Care Trust #5	Trust	Australia	**100**	100	Australian
Australian Unity Albert Road Retirement Village Land Trust	Trust	Australia	**100**	100	Australian
Australian Unity Aurora Land Company Pty Ltd	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Aurora Land Owner Trust	Trust	Australia	**100**	100	Australian
Australian Unity Aurora Operations Company Pty Ltd	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Aurora Operations Trust	Trust	Australia	**100**	100	Australian
Australian Unity Aurora Pty Ltd	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Bank Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Better Living Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Campbell Place Aged Care Land Trust	Trust	Australia	**100**	100	Australian
Australian Unity Campbell Place Retirement Village Land Trust	Trust	Australia	**100**	100	Australian
Australian Unity Care Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Carlton Aged Care Trust	Trust	Australia	**100**	100	Australian
Australian Unity Carlton Retirement Trust # 1	Trust	Australia	**100**	100	Australian
Australian Unity Carlton Retirement Trust #2	Trust	Australia	**100**	100	Australian
Australian Unity Constitution Hill Retirement Community Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Corporate Advisory Services Pty Ltd	Body corporate	Australia	**100**	100	Australian

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the company in the body corporate 2024 %	2023 %	Australian or Foreign resident
Australian Unity Dispensaries Friendly Society Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Finance Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Funds Management Limited	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Group Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Health Care Pty Ltd	Body corporate	Australia	**-**	100	Australian
Australian Unity Health Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Herston Quarter Aged Care Land Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Herston Quarter Retirement Community Land Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Home Care Service Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Investment Bonds Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Investment Real Estate Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Investment Trust	Trust	Australia	**100**	100	Australian
Australian Unity Investments Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Investment Management Administration Pty Limited	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Investments Strategic Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Lane Cove Operations Company Pty Ltd	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Life Bonds Limited	Body corporate	Australia	**100**	-	Australian
Australian Unity Limited	Parent entity	Australia	**-**	-	Australian
Australian Unity Mornington Development Trust	Trust	Australia	**100**	100	Australian
Australian Unity Mortgage Investments Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Nominees Pty Ltd	Body corporate & Trustee	Australia	**100**	100	Australian
Australian Unity Office Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Peninsula Grange RACF Land Trust	Trust	Australia	**100**	100	Australian
Australian Unity Personal Financial Services Ltd	Body corporate	Australia	**-**	100	Australian
Australian Unity Property Funds Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
ACN 120 839 447 PTY LTD	Body corporate	Australia	**100**	100	Australian
Australian Unity Property Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Property Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Retirement Development Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Retirement Living Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Retirement Living Investments Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Retirement Living Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Retirement Living Services Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Retirement Village Trust # 1	Trust	Australia	**100**	100	Australian
Australian Unity Retirement Village Trust # 2	Trust	Australia	**100**	100	Australian
Australian Unity Retirement Village Trust # 5	Trust	Australia	**100**	100	Australian
Australian Unity Retirement Village Trust # 6	Trust	Australia	**100**	100	Australian
Australian Unity Sienna Grange Aged Care Land Trust	Trust	Australia	**100**	100	Australian
Australian Unity Sienna Grange Development Trust	Trust	Australia	**100**	100	Australian
Australian Unity Strategic Holdings Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Strategic Investments Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Support Foundation Limited	Body corporate	Australia	**100**	100	Australian
Australian Unity Trustees Limited	Body corporate	Australia	**100**	100	Australian
AUT Legal Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Australian Unity Victoria Grange Development Trust	Trust	Australia	**100**	100	Australian
Better Home Care Pty Ltd	Body corporate	Australia	**100**	100	Australian
Big Sky Financial Planning Pty Ltd	Body corporate	Australia	**100**	100	Australian
Campbell Place Development Manager Pty Ltd	Body corporate	Australia	**100**	100	Australian
Campbell Place Sub Trust	Trust	Australia	**100**	100	Australian
Cash Enhanced Plus Internal Investments Trust	Trust	Australia	**100**	100	Australian

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the company in the body corporate 2024 %	2023 %	Australian or Foreign resident
Certainty Financial (NSW) Pty Ltd	Body corporate	Australia	**100**	100	Australian
Certainty Financial Pty Ltd	Body corporate	Australia	**100**	100	Australian
Credit Enhanced Internal Investment Trust	Trust	Australia	**100**	100	Australian
Diversified No 1 Internal Investment Trust	Trust	Australia	**100**	100	Australian
Drummond Place Sub-Trust	Trust	Australia	**100**	100	Australian
Enrich Health Group Bidco Pty Ltd	Body corporate	Australia	**100**	-	Australian
Enrich Health Group Finance Holdings Pty Ltd	Body corporate	Australia	**100**	-	Australian
Enrich Health Group Finance Pty Ltd	Body corporate	Australia	**100**	-	Australian
Enrich Health Group Pty Ltd	Body corporate	Australia	**100**	-	Australian
FTL Estate Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
FTL Judge & Papaleo Pty Ltd	Body corporate	Australia	**100**	100	Australian
Funeral Plan Management Pty Ltd	Body corporate & Trustee	Australia	**100**	100	Australian
Greengate Care Pty Ltd	Body corporate	Australia	**100**	100	Australian
Greengate Development Pty Ltd	Body corporate	Australia	**100**	100	Australian
Greengate Management Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Greengate Partnership Pty Ltd	Body corporate	Australia	**100**	100	Australian
Greengate Realty Pty Ltd	Body corporate	Australia	**100**	100	Australian
Greglea Village Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Health Providers Australia Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Car Park Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Development Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Heritage Development Company (No. 2) Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Heritage Development Company (No.3) Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Heritage Development Company (No.4) Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Heritage Development Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Management Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Northern Car Park Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Quarter Aged Care Developer Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Quarter Childcare Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Quarter Management Company Pty Ltd	Body corporate	Australia	**100**	100	Australian
Herston Quarter Retirement Community Developer Pty Ltd	Body corporate	Australia	**100**	100	Australian
High Yield Plus Internal Investment Trust	Trust	Australia	**100**	100	Australian
Hills Nursing Pty Ltd	Body corporate	Australia	**100**	-	Australian
Hunters Hill Sub Trust	Trust	Australia	**100**	100	Australian
ItsMyCare Pty Ltd	Body corporate	Australia	**100**	-	Australian
J&P Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
KNS Essential Care Pty Ltd	Body corporate	Australia	**100**	100	Australian
Kookaburra Securitisation Trust 2021-1R	Trust	Australia	**100**	100	Australian
Lane Cove Development Manager Pty Ltd	Body corporate	Australia	**100**	100	Australian
Lane Cove Holding Trust	Trust	Australia	**100**	100	Australian
Lane Cove Land Trust	Trust	Australia	**100**	100	Australian
Lifeplan Australia Friendly Society Limited	Body corporate	Australia	**100**	100	Australian
Lifestyle Manor Sub Trust	Trust	Australia	**100**	100	Australian
Long Duration Internal Investment Trust	Trust	Australia	**100**	100	Australian
MHC Employment Services Pty Ltd	Body corporate	Australia	**100**	-	Australian
Mortgages No 1 Internal Investment Trust	Trust	Australia	**100**	100	Australian
myHomecare Group Pty Ltd	Body corporate	Australia	**100**	-	Australian
myHomecare Holdings Pty Ltd	Body corporate	Australia	**100**	-	Australian
myHomecare Pty Ltd	Body corporate	Australia	**100**	-	Australian
National Friendly Society Limited	Body corporate	Australia	**100**	100	Australian

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the company in the body corporate 2024 %	2023 %	Australian or Foreign resident
Other Securities Internal Investments Trust	Trust	Australia	**100**	100	Australian
Oxley Home Care Pty Ltd	Body corporate	Australia	**100**	100	Australian
Peninsula Grange Sub Trust	Trust	Australia	**100**	100	Australian
PFS Investment Management Pty Ltd	Body corporate	Australia	**-**	100	Australian
Platypus Asset Management Pty Limited	Body corporate	Australia	**100**	100	Australian
Premium Investment Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Premium Wealth Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Rathdowne Place Residences Project Manager Pty Ltd	Body corporate	Australia	**100**	100	Australian
Remedy Healthcare Group Pty Ltd	Body corporate	Australia	**100**	100	Australian
Retirement Management Services Pty Ltd	Body corporate	Australia	**100**	100	Australian
Retirement Village Operating Trust	Trust	Australia	**100**	100	Australian
Retirement Village Property Trust	Trust	Australia	**100**	100	Australian
Sarmace Pty Ltd	Body corporate	Australia	**100**	-	Australian
Short Term Securities Internal Investment Trust	Trust	Australia	**100**	100	Australian
Sienna Grange Development Manager Pty Ltd	Body corporate	Australia	**100**	100	Australian
Sienna Grange Sub Trust	Trust	Australia	**100**	100	Australian
SMG Labour Pty Ltd	Body corporate	Australia	**100**	-	Australian
St Brigid's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	100	Australian
St Faber's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	100	Australian
St Luke's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	100	Australian
St Patrick's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	100	Australian
The Couche Unit Trust	Trust	Australia	**100**	100	Australian
The Governors Retirement Resort Pty Ltd	Body corporate	Australia	**100**	100	Australian
The Trustee for RVPT Sub Trust No 1	Trust	Australia	**100**	100	Australian
The Trustee for RVPT Sub Trust No 2	Trust	Australia	**100**	100	Australian
Vianova Asset Management Pty Ltd	Body corporate	Australia	**100**	100	Australian
Victoria Grange Sub Trust	Trust	Australia	**100**	100	Australian
Willandra Village Management Pty Ltd	Body corporate	Australia	**100**	100	Australian

Directors' declaration

In the opinion of the directors of Australian Unity Limited (Parent entity or Company):

(a) The financial statements and notes set out on pages 49 to 139, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.

  (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 40; and

(c) There are reasonable grounds to believe that the Parent entity will be able to pay its debts as and when they become due and payable.

(d) The Consolidated entity disclosure statement as at 30 June 2024 set out on pages 140 to 143 is true and correct.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Lisa Chung AM
Chair

Rohan Mead
Group Managing Director & CEO

Melbourne
28 August 2024

Independent auditor's report to members

Independent Auditor's Report

To the members of Australian Unity Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Australian Unity Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group's*** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The ***Financial Report*** comprises:

- Consolidated Balance Sheet as at 30 June 2024
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of Goodwill
- Recoverability of Herston Quarter Development Costs
- Valuation of the Liability for Incurred Claims and first time adoption of AASB 17 Insurance Contracts
- Valuation of Retirement Villages
- Information Technology Related Controls

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill ($491m)

Refer to Note 20, Note 40(s)(i) to the financial report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance, recent acquisitions, and organisational restructure. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in their value in use models, including: • Forecast operating cash flows, growth rates and terminal growth rates – the Group acquired Australian Unity Life Bonds Limited (previously 'IOOF Limited') and Enrich Health Group Pty Ltd making forecasting inherently more challenging. In addition, the business has experienced competitive market conditions in the current year, as a result of impacts of reductions in market spend, increasing the risk of inaccurate forecasts or a wider range of possible outcomes, for us to consider. • Forecast growth rates and terminal growth rates – In addition to the uncertainties described above, the Group's models are sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • Using our modelling specialists, we assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows and capital expenditure contained in the value in use models to Board approved forecasts. We analysed the impact of the reorganisation of the Group's segments for consistent application and assessed the capital expenditure using our industry experience. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We assessed the Group's underlying methodology for the allocation of costs to the forecast operating cash flows contained in the value in use model and the Group's allocation of corporate assets to CGUs, for consistency with our understanding of the

application to the Group's strategy. • Discount rate - These are complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. The Group's modelling is sensitive to small changes in the discount rate. We involved our valuations specialists and senior team members with the assessment. • Forecast capital expenditure – Given the impact of the reorganisation of the Group's segments, the forecast capital expenditure plan was revised. Our testing focused on the implications of this decision for consistent application and reasonableness given our industry experience. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, particularly those containing highly judgemental allocations of corporate assets and costs to CGUs while using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	reorganised business and the criteria in the accounting standards. • Working with our valuation specialists, we challenged the Group's forecast cash flow and growth assumptions in light of the reductions in market spend, the integration of acquisitions, and the reorganisation of segments within the Group. We compared key events to the Board approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • Working with our valuation specialists, we analysed the Group's discount rate against publicly available data of a group of comparable entities and independently developed relevant discount rate ranges considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • Working with our valuation specialists we compared the implied multiples from comparable market transactions to the implied multiple from the Group's value in use model. • We analysed the impact of the reorganised segments and the acquisitions of Australian Unity Life Bonds Limited (previously 'IOOF Limited') and Enrich Health Group Pty Ltd during the year to the Group's internal reporting to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs.

	• We considered the Group's determination of their CGUs based on our understanding of the operations of the Group's business, impact of the acquisitions, and how independent cash inflows were generated, against the requirements of the accounting standards. We assessed the Group's analysis of impairment of CGUs immediately prior to the reorganisation as required by accounting standards. • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Recoverability of Herston Quarter Development Costs ($197m)

Refer to Note 17, Note 40(t) to the financial report

The key audit matter	How the matter was addressed in our audit
The Group capitalises development costs relating to the development of Herston Quarter. It is the Group's policy to carry the development cost at the lower of cost and net realisable value. Recoverability of Herston Quarter development costs is a key audit matter due to the: • Extent of judgement required by the Group in determining the net realisable value of the development, particularly in relation to the net realisable value of future stages of the development where no contractual arrangement currently exists. Such judgements may have a significant impact on the overall recoverability of capitalised development costs, necessitating additional audit effort. • Challenging market conditions in the real estate construction industry due to high levels of inflation and interest rates, expected to continue, which increases the risk of inaccurate forecasts or a wider range of possible outcomes, for us to consider. The significant areas we focused on was in assessing the Group's: • Net realisable value of future stages of the	Our procedures included: • Obtaining an understanding of the Group's key process for valuation of capitalised development costs. • Obtaining an understanding of each stage within the development, including the current status of any commercial negotiations with external parties. • For estimated selling price and net realisable value: - We considered the reasonableness of assumptions made in relation to selling prices based on available sources, including executed sale agreements, historical experience of similar transactions, and our industry knowledge. - We checked a sample of independent external valuations to their expected selling price for consistency to the Group's determination of net realisable value. • For forecast costs: - We tested, on a sample basis,

development; and • Forecast future uncontracted costs, given its role in determining net realisable value. We involved our senior audit team members in assessing this key audit matter.	committed forecast costs to underlying supplier contracts. - We evaluated assumptions in relation to uncontracted forecast costs against historical experience of similar costs, and our industry expectation of cost contingency levels and cost escalation assumptions. • Using the findings from testing along with our understanding of economic conditions to evaluate the Group's application of lower of cost and net realisable value when determining recovery of the capitalised development costs. • Assessing the disclosures in the Group's financial report using our understanding obtained from our testing against the requirements of accounting standards.
Valuation of the Liability for Incurred Claims (A$60m) and first time adoption of AASB 17 *Insurance Contracts*	
Refer to Note 14(a), Note 40(d), Note 41 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
We consider liability for incurred claims accounting to be a key audit matter given: • The complexity and judgemental nature of assumptions used to value the actuarially determined portion of Liability for Incurred Claims, and • The initial adoption of AASB 17 *Insurance Contracts* ("AASB 17") is inherently complex, as adopting this standard for the first time introduces a new approach for the accounting for insurance and reinsurance contracts, increasing the need for interpretation, judgement and audit effort. The Group's claims liabilities for the health business of Australian Unity Health Limited are short-term in nature. The Group has valued reserves, which are a significant component of the Liability for Incurred Claims using its actuarial reserving methodology. The liability for incurred claims includes a risk adjustment for non-	Working with our actuarial specialists our procedures included performing an independent reprojection of the best estimate claims reserves of health business as at 30 June 2024. We made adjustments to the selection of reserving assumptions based on our actuarial industry experience and judgements. We compare our results to the Group's reserving liability. We compared our independent estimates to those made by the Group, and investigated significant differences. In doing so, we considered the underlying methodology, assumptions and processes. We evaluated the adequacy of the risk adjustment and compared the risk adjustment to industry peers. We reconciled the key inputs of paid and incurred claims used within the actuarial modelling to the source data in the Group's policy administration

financial risk. As it relates to the first time adoption and the flow on impacts thereafter, we focused on: • The Group's new accounting processes in response to the new AASB 17 requirements. • The Group's transition approach applied retrospectively to measure the insurance contracts as at 1 July 2023. • The determination of the measurement models (general model, premium allocation approach or variable fee approach) applied by the Group under the standard, which could lead to different outcomes. • The judgements applied in the first time adoption of AASB 17, of measurement models adopted, including the contract boundary, risk adjustment, onerous contracts and discount rates used in the measurement of insurance contract liabilities. • The adequacy and completeness of disclosures related to the adoption of AASB 17. • The key reserving assumptions used by the Group include claims development patterns, claims cost inflation, seasonality adjustments and expected loss ratios. • We involved our senior audit team members in assessing this key audit matter, along with actuarial specialists.	systems. Our procedures for the first time AASB 17 transition amounts included: • Obtaining an understanding of the Group's new processes used to measure the historic insurance contract liabilities and retained earnings adjustment. • Consideration of the Group's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice. • Assessing the transition approach and checking the transition adjustments and restatements for their recording and presentation reflected in the financial statements. • Evaluating the onerous contract methodology used to identify any groups of onerous contracts on transition. Where onerous contracts were identified, we assessed the significant assumptions and recalculated the relevant loss component and loss recovery components. We compared this to the amounts recorded by the Group. • Working together with our actuarial specialist, we evaluated the significant judgements used by the Group to determine their accounting policies against the requirements of AASB 17. This included judgements used to determine the measurement models adopted, contract boundary, risk adjustment, onerous contracts and discount rates used. • Assessing the disclosures, including the transition adjustment restatement in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Valuation of Retirement Villages (A$2,044m)

Refer to Note 17, Note 40(t) to the financial report

The key audit matter	**How the matter was addressed in our audit**
Retirement Villages represents the largest assets of the Group.	Our procedures included: • Performing a walkthrough to understand the

The Group measures Retirement Villages at fair value internally using a discounted cash flow model based on the terms of residents' contracts. On an annual basis, the Group has a sample of villages valued externally to compare to internal models. Key assumptions used in the Group's internal model and by external valuers include: • Discount rates • Resident tenures and average length of stay • Property price and growth rates • Renovation costs The valuation of retirement villages is a key audit matter due to the significance of the balance and judgement required by us in assessing the Group's key valuation assumptions, methodologies and the final adopted values given the inherent estimation uncertainty. This leads to additional audit effort due to differing assumptions based on asset classes, locations and characteristics of individual property assets.	Group's process for valuing Retirement Villages, including the key inputs and assumptions used. • Assessing the Group's methodology used in the valuations of retirement villages for consistency with accounting standards, industry practice and the Group's policies. • Utilising KPMG valuation specialists to challenge a sample of valuations, including the valuation method, assumptions and data, and perform sensitivity analysis over reasonably possible changes in key model inputs. • Challenging outliers in future renovation cost assumptions by comparing to market analysis published by industry experts, inquiries with the Group, using property specific attributes including location and asset condition, and historical renovation costs. • We tested, a sample of other key inputs to the retirement village valuations such as the fee structure of residents' contracts and ingoing contributions which form the basis of the inflows in the discounted cash flow model. • Assessing the Group's external valuations prepared for a sample of villages, including the valuation methodology and key assumptions adopted. We also assessed the scope, competence and objectivity of the valuers. • Comparing the advice obtained from the external valuers on the key assumptions to those applied in the internal valuations of retirement villages for consistency. • Assessing the associated disclosures in the financial statements including checking the sensitivity analysis calculations, using our understanding obtaining from our testing, against accounting standard requirements.
Information Technology Related Controls	
The key audit matter	**How the matter was addressed in our audit**
The Information Technology (IT) systems and controls as they relate to the financial reporting compilation processes are a Key Audit Matter as	Working with our IT specialists, we obtained an understanding of the Group's IT environment, for how the Group uses IT in the recording and

the Group's key financial accounting and reporting processes are highly dependent on their integrity. The Group's businesses use a number of IT systems to process and record a high volume of financial transactions. There is a risk that gaps in the General IT controls relating to change management and user access management may undermine the integrity in recording financial information and the preparation of the Group's financial report. Our audit approach could significantly differ depending on the effective operations of the Group's IT controls. We involved IT specialists to supplement our senior audit team members in assessing this Key Audit Matter.	reporting of financial transactions. We evaluated the risks of material misstatement to the Group's financial statements resulting from potential gaps in the IT systems and controls. Our procedures included testing controls with respect to: • User Access Management Lifecycle, including how users are provisioned, monitored, and removed on a timely basis from critical IT applications and supporting infrastructure relevant to financial reporting. In addition, we tested the identification, authentication and periodic user access monitoring controls. We also tested the controls for managing privileged roles and functions across each key financial reporting IT application and the supporting infrastructure, where applicable. • Change Management for systems relevant to financial reporting – including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical financial reporting IT applications. We assessed the appropriateness of users with access to release changes to IT application production environment against the requirements of their roles. Where we identified design and/or operating deficiencies in the IT access control environment, our procedures included the following: • We assessed the integrity and reliability of the systems and data related to financial reporting. • Where automated procedures relevant to financial reporting were managed by systems with control deficiencies, we performed test of details and/or assessed alternate controls that were not reliant on the IT control environment.

Other Information

Other Information is financial and non-financial information in Australian Unity Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chair's report, 2024 Highlights, Group Managing Director's Report and Financial Overview are expected to be made available to us after the date of the Auditor's Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of Australian Unity Limited are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Unity Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Australian Unity Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 37 to 48 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Chris Wooden
Partner
Melbourne
28 August 2024

Glossary of terms

the Group	Australian Unity Group
the Company	Australian Unity Limited
AC	Audit Committee
ACCC	Australian Competition and Consumer Commission
AHC	Aboriginal Home Care
AOF	Australian Unity Office Fund
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUCS	Australian Unity Care Services Pty Ltd
AUGS	Australian Unity Group Services Pty Ltd
AUHL	Australian Unity Health Limited
AUIREL	Australian Unity Investments Real Estate Limited
AUMA	Assets under management and administration
AUSTRAC	Australian Transaction Reports and Analysis Centre
AUTCG	Australian Unity Tax Consolidated Group
CHSP	Commonwealth Home Support Program
CO2	Carbon dioxide
Corporations Act	*Corporations Act 2001* (Cth)
CRFD	Climate-related financial disclosures
CSV	Community & Social Value
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social & Governance
FUA	Funds under advice
FUM	Funds under management
FUMA	Funds under management and advice
FUMAA	Funds under management, administration and advice
GAV	Gross asset value
GHG	Greenhouse Gas
GLT	Group Leadership Team
GMD	Group Managing Director
HCS	Home Care Services
HPT	Healthcare Property Trust
IC	Investment Committee
ILU	Independent living units
IOOF	*IOOF Life Bonds* business
KMP	Key Management Personnel
MAP	Market Announcements Platform
MCI	Mutual Capital Instrument
MHC	*myHomecare Group*
NDC	National Dental Care
OAIC	Office of the Australian Information Commissioner
PC&R Committee	People, Culture & Remuneration Committee
PHI	Private health insurance
R&C Committee	Risk & Compliance Committee
RAC	Residential Aged Care
RAS	Risk Appetite Statement
RBA	Reserve Bank of Australia
S&P	Standard & Poor's
SDA	Specialist Disability Accommodation
SLL	Sustainability Linked Loan
SMA	Separately managed investment accounts
W&CM	Wealth & Capital Markets
WGEA	*Workplace Gender Equality Act 2012* (Cth)

This page is intentionally blank

For Real Wellbeing Since 1840

T 13 29 39

E memberrelations@australianunity.com.au

W australianunity.com.au

271 Spring Street
Melbourne VIC 3000

Australian Unity Limited ABN 23 087 648 888