generation development group

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2020 Financial Year Annual Report

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Founded in 1991, Generation Development Group Limited is an ASX listed company that operates as a registered Pooled Development Fund specialising in providing development capital to financial sector businesses.

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Investment Opportunities

A trusted partner in providing smart and innovative tax effective investment solutions.

generation life ascalon capital Austock Financial Services

Content

Chairman's report

Robert Neil Coombe
Non-Executive Chairman of Generation Development Group

WHAT WE ACHIEVED THIS YEAR

The 2020 financial year was one that exceeded expectations, particularly as I reflect back on my comments from last year and overlay that with the subsequent volatility we saw in markets and the devastating impact COVID-19 has had on the lives and businesses of many Australians.

Against this backdrop, the team did an amazing job to grow life product sales by 48% and active financial adviser usage by 31%, the latter number being a good gauge of sales force effectiveness and future business.

Whilst the overall size of the investment bond market is still nascent, there is certainly much more interest in the category and the myriad of strategies that our products can be utilised for.

Given our head office is in Melbourne, there has been the need to relocate most systems, processes and services to being home based. The fact that this was done seamlessly is a full credit to the leadership and every employee in the Group. In fact, with all these disruptions the team has been able to improve service standards underpinning a very strong customer culture that exists in the organisation.

Our Hong Kong based team at Ascalon spent the best part of 2020 preparing to launch a new fund offering targeting investment in emerging hedge funds in Asia Pacific. Unfortunately, this launch was impacted by a series of exogenous events in that market which made fund raising extremely difficult. The team has regrouped and are now working on a capital light offering to take to market. Shareholders should be comforted that the running cost of Ascalon to date has been well and truly covered by the profit we made on the Ascalon transaction last year.

SO WHAT DO WE EXPECT FOR NEXT YEAR?

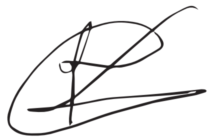
It is easy to be bearish about the outlook for markets as 2021 digests the full economic impact of COVID-19. Notwithstanding (as you can see from the past year in particular) we are confident that our investors remain committed to their long-term savings goals and our solutions will continue to be used by more and more advisers and investors. We also have an extensive investment menu providing investors with a variety of strategies depending on their risk appetite and market conditions.

We will continue to push into new segments of the market and the launch of our tax effective regular income product will access a broader market of investors seeking tax effective income streams. To this end, we will be targeting the retired high net worth market who are looking to supplement the tax effective income they receive from their allocated pension from their super accounts. This is a very significant market, both in size and aging population trends.

Consistent with this demographic theme, we have spent a lot of time looking at longevity risk (the risk that someone outlives their savings) and have further advanced our thinking on gaps in the current market and how we can meet the need to provide retirees with protection against this risk. Whilst it's too premature to declare that we have "cracked the code" in this space, we have made significant progress and will keep investors informed as we get closer to committing to this opportunity.

We remain alert for other acquisitions in the market. As previously stated, we are attracted to businesses that we think will benefit from changes in the landscape in financial services or that are good value and need to be restructured to a more future proof business model.

Finally, I'd like to thank everyone working at Generation Development Group for their hard work in a seminal year. 2020 has been a difficult year for all Australians, however it has been a year in which we have really turned the corner from a performance and market awareness perspective. Whilst the outlook is challenging in many respects, it will be an environment in which I expect we will continue to thrive and perform and I look forward to our prospects for the year ahead with optimism.



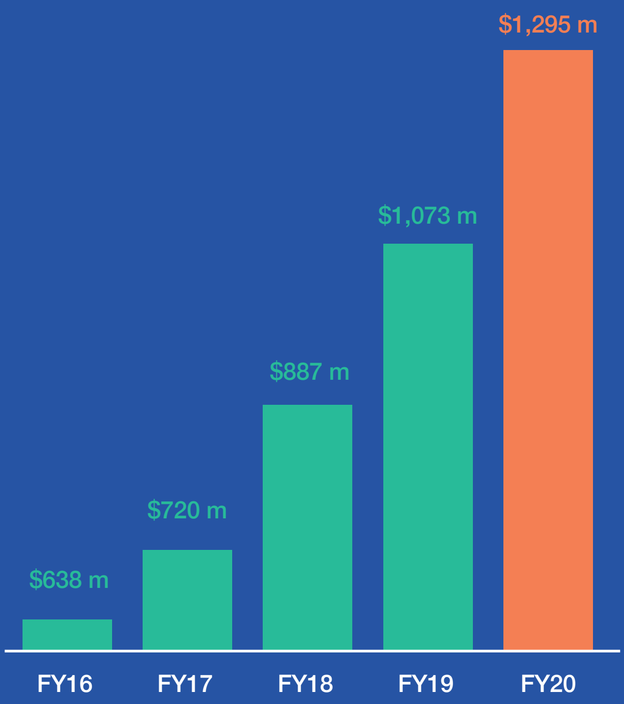
Robert Neil Coombe

Non-Executive Chairman
26 August 2020

Group performance highlights

We are extremely proud to record an all-time company record of $254m for inflows demonstrating the increasing support for Investment Bonds and the innovative solutions we provide.

Funds under management



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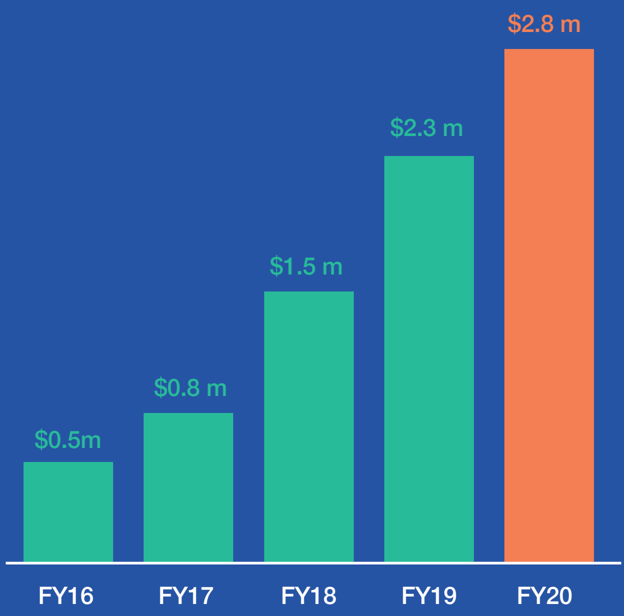

Key highlights

Life Product Sales
$332 m **Up 48%**

New Bond Numbers
9,563 **Up 64%**

Saving Plans
$35.8 m **Up 57%**

Approved Product List
420 **Up 7%**

Active Financial Advisers[1]
1,220 **Up 31%**

1. Rolling 12 month average

Summary of results

(Unaudited)

Generation Development Group recorded a consolidated statutory net loss after tax for the year of $1.6 million (2019: profit $5.3 million). Statutory net (loss)/profit after tax has been prepared in accordance with the Corporation Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.

The Group recorded an underlying operating profit after tax of $2.8 million (2019: $2.3 million).

Underlying operating profit after tax excludes Ascalon operational costs and other items as reflected below:

	Notes	2020 $'000	2019^ $'000	Change %
Life and services		13 706	11 088	24
Other income		1 552	1 524	2
Total revenue	**2**	**15 258**	**12 612**	**21**
Personnel		(7 795)	(5 820)	(34)
Occupancy		(76)	(618)	88
Communication		(117)	(121)	3
Finance		(99)	(23)	(330)
Dealing and settlement		(4 208)	(3 327)	(26)
Marketing and promotional		(349)	(524)	33
Depreciation and amortisation		(814)	(431)	(89)
Administration expenses		(3 626)	(2 746)	(32)
Total expenses	**2**	**(17 084)**	**(13 610)**	**(26)**
Underlying loss before income tax		**(1 826)**	**(998)**	**(83)**
Income tax benefit	3	4 642	3 248	43
Underlying profit after tax		**2 816**	**2 250**	**25**

^Refer to note 1(o).

Summary of results (unaudited) continued

	Notes	2020 $'000	2019^ $'000	Change %
Underlying profit after tax (continued)		2 816	2 250	25
Ascalon operational costs		(2 349)	(1 150)	(104)
Non recurring items (net of applicable tax)				
Deferred tax asset on carry forward losses		(1 572)	891	(276)
Unsuccessful transaction costs		(456)	-	nm
Termination benefits		(76)	-	nm
Ausdef remediation costs*		-	(68)	nm
Fixed assets impairment*		-	(534)	nm
Unsuccessful product development costs		-	(298)	nm
Gain on acquisition of Ascalon		-	4 195	nm
Statutory profit after tax		**(1 637)**	**5 286**	**(131)**

^Refer to note 1(o).

*Tax effected

Notes:

1. The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.
2. Revenue and expenses reflected in the summary of results are attributable to the Shareholders of the Company and excludes the activities of the consolidated benefit funds.
3. For income taxation purposes Generation Life Limited is a single taxpayer comprising policyholder Benefit Funds and a central management or shareholder fund with all the Company's assessable income, allowable deductions and other tax offsets being pooled.

Balance sheet summary (unaudited)

	Notes	2020 $'000	2019 $'000
Cash, cash equivalents and investments - term deposits		11 678	13 702
Income tax receivable		2 210	1 775
Trade and other receivables		1 380	1 764
Right-of-use assets	1	478	-
Property, plant and equipment and software		1 278	1 000
Generation Life - goodwill		547	547
Deferred tax assets		1 947	3 448
Financial assets		471	-
Other assets		712	857
Total assets	**2**	**20 701**	**23 093**
Trade and other payables		(404)	(558)
Lease liabilities	1	(488)	-
Provisions and other liabilities		(2 438)	(1 861)
Total liabilities	**2**	**(3 330)**	**(2 419)**
Net assets		**17 371**	**20 674**
Comprising:			
Tangible assets		15 846	19 489
Intangible assets		1 525	1 185
		17 371	**20 674**
Weighted average number of shares used for NTA purposes		125 479 910	124 947 458
NTA per share (cents)		12.63	15.6

1. The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.
2. Assets and Liabilities reflected in the summary of results, pertain to the Shareholders of the Company and excludes the assets and liabilities attributable to the policy holders of the benefit funds.

Directors' report

The directors of Generation Development Group Limited (the "Company") present the annual financial report for the Group, being the Company and its subsidiaries for the financial year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Mr Robert Neil Coombe LLB (Hons)

Non-Executive Chairman

Rob was appointed Executive Chairman of Generation Development Group on 18 July 2017 and assumed the position of Non-Executive Chairman on 1 July 2020.

He is presently Chairman of National Wealth Management Services Limited, the head company of MLC Wealth, and Tibra Capital. He is Deputy Chairman of Surfing Australia and the Australian Indigenous Education Foundation. He is also a member of the Advisory Board of 5V Capital Investors and a Director of CIMB Group, one of the largest universal banks in the ASEAN region.

Between 2013 and 2019, Rob was Chairman and then CEO of Craveable Brands, the largest Australian owned quick service restaurant business.

Before joining Craveable Brands, Rob was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Rob spent six years as the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia. In total, he has over 35 years corporate experience in both Australia and Asia.

In 2011, Rob was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector.

Mr William Eric Bessemer MBA, B.Ec
Non-Executive Director

Bill initially joined the Group in 1995 and became chairman in 1999 until 2010. Following a brief retirement, Bill resumed as a director on 9 February 2012 and became Chief Executive Officer on 29 May 2012, a position he held until 18 July 2017. Bill remains on the Board of the Company as a Non-Executive Director. He has over 40 years' experience in banking and finance, specifically in the areas of debt and equity structuring, mergers and acquisitions and business recoveries.

Mr Jonathan James Tooth BA
Non-Executive Director

Jonathan was appointed a director on 1 May 2012.

Jonathan has over 20 years experience in providing corporate advisory services to ASX listed and unlisted small cap companies. He is a Director, Corporate of Henslow Pty Ltd providing specialist expertise in equity capital markets, strategy and planning, and mergers and acquisitions.

Prior to that Jonathan was employed for 10 years as a director of Austock Corporate Finance. Jonathan is also a Non-Executive Director of Vita Life Sciences Limited and Sensera Limited.

Mr John David Wheeler
Non-Executive Director

John was appointed a Non-Executive Director of Generation Development Group on 7 March 2017.

He has over 40 years' experience in stockbroking, commencing his career in London before moving to Australia in 1985 with AC Goode and Co. as head of Global Trading. In 1989 John set up his own client management business trading in options and futures. John then joined the Group in 1996, becoming its CEO in 1998 until retiring in 2007. He was involved in the corporate finance area, predominantly in capital raisings and marketing on behalf of major clients. Since then, he has been active in a number of private equity transactions involving capital raisings, deal structures and sale of businesses.

DIRECTORSHIP OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the last three years immediately before the end of the financial year are as follows:

Director	Company	Period from	Period to
J J Tooth	Vita Life Sciences Limited	26 July 2012	Current
	Sensera Limited	6 July 2016	Current
R N Coombe	CIMB Group Holdings Berhad (Listed on Bursa Malaysia)	2014	Current

DIRECTORS' SHAREHOLDINGS

The following table sets out the number of each director's relevant interest in shares and options over shares or interest in contracts relating to shares of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares	Indirect interest in shares
R N Coombe	4 800 000	2 800 000
W E Bessemer	-	12 671 099
J J Tooth	9 084	8 974 127
J D Wheeler	7 510 000	3 000 000

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and key management personnel is set out in the remuneration report from page 15.

Mr Grant Hackett OAM, Chief Executive Officer, Generation Life Limited
GradDipFinPlan, EMBA (First Class Honours)

Grant was appointed Chief Executive Officer of the Group on 25 October 2018 and ceased on 1 February 2020, becoming the CEO and Managing Director of Generation Life Limited.

Ms Amanda Gawne, Company Secretary
LLB, BCom, Grad Dip CSP, FGIA, FCIS

Amanda was appointed Company Secretary on 27 February 2018. Amanda has extensive company secretarial experience gained in a range of organizations.

Mr Terence Wong, Chief Financial Officer
CA, BCom (Hons), LLB (Hons), Grad Dip FINSIA

Terence was appointed Chief Financial Officer of the Group on 19 March 2018.

Mr Felipe Araujo, General Manager of Distribution, Marketing, and Operations, Generation Life Limited
BBus, Economics and Finance

Felipe was appointed General Manager of Distribution, Marketing, and Operations of Generation Life Limited on 1 February 2020.

PRINCIPAL ACTIVITIES

The Group's principal activities in the course of the financial year were the marketing, management of life insurance and life investment products and services to the retail sector in Australia and the provision of administration services in the financial services industry.

Review of operations

The consolidated net loss attributable to members is $1.6 million (2019: profit $5.3 million). A review of operations for the Group is set out on pages 4 to 9 of this annual report, commencing with the Chairman's Report. For key risks affecting the Group, refer to notes 3, 22 and 23 of the financial statements.

Subsequent events

Other than those disclosed in note 25 to the financial statements, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group.

Future developments

The Group's future developments will be to continue growing its Investment Bond business by increasing its market share and expanding its product suite. We expect to participate in further merger and acquisition opportunities in the financial services sector, while Ascalon Capital Managers will focus on launching a new Asia Pacific seeding vehicle to invest in alternative investment funds in the Asia Pacific region.

Environmental regulation and performance

The Group's operations are not involved in any activities that have a marked influence on the environment. As such, the directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.

Dividends

The company paid an unfranked final 2019 dividend of $0.01 per ordinary share on 10 October 2019 and an unfranked 2020 interim dividend of $0.01 per ordinary share on 14 April 2020. A dividend reinvestment plan (DRP) was in operation for these dividends.

On 26 August 2020, the company declared a final 2020 dividend of $0.01 per ordinary share to be paid on 1 October 2020. The company's DRP will continue to operate for this dividend.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify directors, officers, employees or auditor of the Company or of any related body corporate against a liability incurred.

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its directors Messrs. Coombe, Bessemer, Tooth and Wheeler. The purpose of the Deed is to:

- confirm the indemnity provided by the Company in favour of directors under the Company's Constitution;
- include an obligation upon the Company to maintain adequate Directors and Officers liability insurance; and
- confirm the right of access to certain documents under the Corporations Act 2001.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were five Board meetings held.

Director	Eligible to attend	Attended
R N Coombe	5	5
W E Bessemer	5	5
J D Wheeler	5	5
J J Tooth	5	5

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement together with the Appendix 4G, can be viewed at https://www.gendevelopmentgroup.com.au/corporate-governance and has been lodged with the ASX.

AUDIT COMMITTEE

The Audit Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

NON-AUDIT SERVICES

The Group's external auditor is KPMG who are engaged to provide audit and audit related services in relation to the Group's financial statements and regulatory reporting obligations.

It is often in the interests of the Group to engage the services of its external auditor to assist in a range of related projects. The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts of interests in relation to the provision of non-audit related services by its external auditor.

During the financial year ended 30 June 2020, the Group engaged its external auditors to provide professional services in relation to general consultancy for $5,000. The Company has considered these services and is satisfied that the provision of these services by the auditors is compatible with and did not compromise the auditor independence requirements of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 26 of the financial report and forms part of the Directors' Report for the year ended 30 June 2020.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and in accordance with that Class Order amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration report

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Generation Development Group Limited's directors and other key management personnel for the financial year ended 30 June 2020.

At the Company's last Annual General Meeting in November 2019, more than 75% of votes cast on the resolution to adopt the Remuneration Report were in favour of its adoption.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and other executives for the Group, and include the most highly remunerated Group executives.

The prescribed details of each person covered by this report are detailed below under the following headings:

A. Key Management Personnel Details

B. Remuneration Policies

C. Equity Holdings of Key Management Personnel

D. Remuneration of Key Management Personnel

E. Key Terms of Employment Contracts

A. Key Management Personnel Details

The following persons acted as directors of the Company during and since the end of the financial year:

- Mr Robert Neil Coombe, Non-Executive Chairman (ceased as Executive Chairman on 1 July 2020).
- Mr William Eric Bessemer, Non-Executive Director.
- Mr Jonathan James Tooth, Non-Executive Director.
- Mr John David Wheeler, Non-Executive Director.

The following persons represent the senior management of the Group during or since the end of the year:

- Mr Robert Neil Coombe, Non-Executive Chairman (ceased as Executive Chairman on 1 July 2020).
- Mr Grant Hackett, Chief Executive Officer and Managing Director, Generation Life Limited (ceased being Chief Executive Officer of Generation Development Group Limited on 1 February 2020).
- Ms Catherine Louise van der Veen, Director, Generation Life Limited and Joint Chief Executive Officer, Generation Life Limited (resigned effective 31 January 2020).
- Ms Lucy Ann Foster, Director, Generation Life Limited and Joint Chief Executive Officer, Generation Life Limited (resigned effective 31 January 2020).
- Mr Terence Wong, Chief Financial Officer.
- Mr Felipe Araujo, General Manager of Distribution, Marketing, and Operations, Generation Life Limited (appointed on 1 February 2020).

B. Remuneration Policies

The performance of the Group is highly dependent upon the quality of its directors and executives.

The Board accepts responsibility for determining and reviewing compensation arrangements for the directors and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors, CEO and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

As part of assessing these remuneration arrangements, the Board has in place agreed key performance indicators (KPIs), both financial and non-financial, for each member of the executive team that is duly considered during the performance evaluation process. The KPIs may differ amongst team members based on their area of expertise and the degree to which they have direct control over the outcomes. All KPIs are strategically aligned to advance the Group's business and are tailored to individual executive team members to ensure they each remain motivated and are rewarded within a performance-based environment.

REMUNERATION STRUCTURE

In line with good corporate governance principles, non-executive directors do not receive performance-based pay.

1. Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on the directors in fulfilling their responsibilities. Details of the directors who have forfeited their director fees are reflected in page 23 of the Remuneration Report. Non-executive director fees are reviewed annually by the Board. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

The Constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in a general meeting. The maximum amount for non-executive directors is $500,000 per annum.

2. Senior management and executive director remuneration

Group Executives are subject to the Group's executive remuneration program which comprises the following components:

- Fixed remuneration component; and
- Variable remuneration component including both short term incentives (STI) and long-term incentives (LTI).

In addition to this program, the CEO and Managing Director of Generation Life Limited, Mr Grant Hackett, the CFO of Generation Development Group Limited, Mr Terence Wong and the General Manager of Distribution, Marketing, and Operations, Mr Felipe Araujo are subject to Generation Life Limited's remuneration policy which is overseen by its Remuneration Committee.

B. Remuneration Policies (continued)

FIXED REMUNERATION

Fixed remuneration consists of base compensation as well as employer contributions to superannuation. Compensation levels are reviewed annually through a process that considers individual performance and that of the overall Group.

VARIABLE REMUNERATION

Short term incentive (STI)

A STI is available to executives who achieve both financial and non-financial targets as determined by the Board of Directors. The Board of the employing company is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements. The quantum of available STI arrangements is determined with reference to prevailing market conditions for comparable executives. STIs are payable in cash in the next financial year.

Long term incentive (LTI)

The Group initiated an LTI plan effective 13 October 2017 to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI entitlements are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long-term performance hurdles.

The key elements of the Group's LTI plan are as follows:

- Eligible participants are granted rights over the Group's ordinary shares. Each right may be exercised if the performance conditions attached to that award are satisfied;
- In FY-20 a comprehensive review of the Group's Long term incentive (LTI) was conducted to ensure it remains aligned with the Group's strategic priorities. As a result, a change was made to the current two tranches of the performance hurdles. 50% of the rights are subject to performance hurdles measured using a market-based performance target (relative Total Shareholders Return ('TSR') against the ASX small Industrials benchmark index), and the remaining 50% of the rights are subject to Earnings per share growth (EPS) which is a non-market internal performance condition. In prior years the two tranches awarded were measured using TSR of 25% and 75% for the rights were subject to compound annual growth in funds under management ('FUM CAGR'), which is a non-market internal performance condition;
- The applicable measurement period is three years. The number of rights actually vesting will only be known at the end of the measurement period;
- The Company has sole discretion to award the vested tranches of LTI as shares or cash;
- Service conditions apply only to the extent that departure in the year of grant will see the number of granted rights retained for possible vesting pro-rated, based on days of service in that financial year. Full participation is retained if termination occurs after 12 months; and
- There is no cost to exercise the rights. Details of the key valuation assumptions are disclosed in note 6 of the financial statements.

B. Remuneration Policies (continued)

The total number of rights granted to senior management in the year to 30 June 2020 was 1,627,488 (2019: 2,483,073), details are as follows:

30 JUNE 2020

Senior Executive	Number of Rights Granted in year to 30 June 2020	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Grant Hackett[1]	361 664	TSR	30 June 2020	30 June 2023	$0.365
	361 664	EPS	30 June 2020	30 June 2023	$0.123
Terence Wong	180 832	TSR	30 June 2020	30 June 2023	$0.365
	180 832	EPS	30 June 2020	30 June 2023	$0.123
Felipe Araujo[2]	271 248	TSR	30 June 2020	30 June 2023	$0.365
	271 248	EPS	30 June 2020	30 June 2023	$0.123

The performance measurement period for these rights is 1 July 2020 to 30 June 2023. At 30 June 2020, the rights vested from 2018 grant were 223,724 and the rights that lapsed from the same period were 281,429 all held by senior executive. The table below shows the performance measures for the two tranches of the LTI.

	TSR		EPS Growth	
Senior Executive	Company's TSR Compared to the Small Industrials Total Return Index	Vesting % of Tranche	EPS During the Measurement Period	Vesting % of Tranche
Stretch	≥200% of Index	100%	≥30%	100%
Between Target and Stretch	>150% & < 200% of Index	Pro-rata	>20% & <30%	Pro-rata
Target	150% of Index	50%	20%	50%
Between Threshold and Target	>100% &< 150% of Index	Pro-rata	>10% & <20%	Pro-rata
Threshold	=100% of Index	25%	10%	25%
Below Threshold	<100% of Index	0%	<10%	0%

1. Appointed Chief Executive Officer and Managing Director of Generation Life Limited on 1 February 2020.
2. Appointed General Manager of Distribution, Marketing, and Operations of Generation Life Limited on 1 February 2020.

B. Remuneration Policies (continued)

30 JUNE 2019

Senior Executive	Number of Rights Granted in year to 30 June 2019	Performance Measure	Grant Date	Expiry Date	Grant Date Fair Value
Lucy Foster	112 867	TSR	28 June 2019	30 June 2022	$0.265
	338 601	FUM CAGR	28 June 2019	30 June 2022	$0.465
Catherine van der Veen	112 867	TSR	28 June 2019	30 June 2022	$0.265
	338 601	FUM CAGR	28 June 2019	30 June 2022	$0.465
Grant Hackett[1]	282 167	TSR	28 June 2019	30 June 2022	$0.265
	846 502	FUM CAGR	28 June 2019	30 June 2022	$0.465
Terence Wong	112 867	TSR	28 June 2019	30 June 2022	$0.265
	338 601	FUM CAGR	28 June 2019	30 June 2022	$0.465

The performance measurement period for these rights is 1 July 2019 to 30 June 2022. At 30 June 2019, no rights had vested, been exercised, or forfeited by any senior executive. The table below shows the performance measures for the two tranches of the LTI.

	TSR		FUM	
Senior Executive	Company's TSR Compared to the Small Industrials Total Return Index	Vesting % of Tranche	CAGR in Funds Under Management During the Measurement Period	Vesting % of Tranche
Stretch	≥200% of Index	100%	≥45%	100%
Between Target and Stretch	>150% & < 200% of Index	Pro-rata	>25% & <45%	Pro-rata
Target	150% of Index	50%	25%	50%
Between Threshold and Target	>100% &< 150% of Index	Pro-rata	>15% & <25%	Pro-rata
Threshold	=100% of Index	25%	15%	25%
Below Threshold	<100% of Index	0%	<15%	0%

1. Appointed Chief Executive Officer of Generation Development Group on 25 October 2018.

B. Remuneration Policies (continued)

OTHER SHARE-BASED PAYMENTS

No other share-based payments were issued during the period ending 30 June 2020.

Consequences of performance on shareholder wealth

In considering the Generation Development Group's performance and benefits for shareholders wealth, the Board has regard to the following indices in respect of the current financial year and the previous five financial years.

	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20
FUM ($m)	587	636	720	887	1 073	1 295
Share price at start of year ($ per share)	0.23	0.43	0.46	0.66	1.16	0.53
Share price at end of year ($ per share)	0.43	0.46	0.66	1.16	0.53	0.65
Change in share price ($ per share)	0.20	0.03	0.20	0.49	(0.63)	0.12
Dividends paid ($'000s)	1 983	2 064	2 064	2 477	2 496	2 508
Profit attributable to owners of the Company ($'000s)	(731)	2 138	200	388	5 286	(1 637)
Basic EPS (cents per share)	(0.73)	2.07	0.19	0.32	4.23	(1.30)
Diluted EPS (cents per share)	(0.73)	2.07	0.19	0.32	4.23	(1.30)

C. Equity Holdings of Key Management Personnel

Details of shareholdings of Directors and other Key Management Personnel (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below.

2020

Directors/Executives	Class	Balance 1 July 2019	Shares Acquired	Shares Disposed	Balance 30 June 2020
R N Coombe	Ordinary	7 600 000	-	-	7 600 000
W E Bessemer	Ordinary	12,671,099	-	-	12,671,099
J J Tooth	Ordinary	8 983 211	334	-	8 983 545
J D Wheeler	Ordinary	10 510 000	-	-	10 510 000
G Hackett[1]	Ordinary	500 000	197 776	-	697 776
C van der Veen[2]	Ordinary	24 251	891	-	25 142
L Foster[3]	Ordinary	-	-	-	-
T Wong	Ordinary	-	-	-	-
F Araujo[4]	Ordinary	1 000	-	-	1 000

2019

Directors/Executives	Class	Balance 1 July 2018	Shares Acquired	Shares Disposed	Balance 30 June 2019
R N Coombe	Ordinary	7 600 000	-	-	7 600 000
W E Bessemer	Ordinary	12 421 099	250 000	-	12,671,099
J J Tooth	Ordinary	8 758 437	224 774	-	8 983 211
J D Wheeler	Ordinary	10 010 000	500 000	-	10 510 000
G Hackett[1]	Ordinary	500 000	-	-	500 000
C van der Veen	Ordinary	23 644	607	-	24 251
L Foster	Ordinary	-	-	-	-
T Wong	Ordinary	-	-	-	-

1. Appointed Chief Executive Officer and Managing Director of Generation Life Limited on 1 February 2020.
2. Resigned as Chief Executive Officer and Director of Generation Life Limited on 31 January 2020.
3. Resigned as Chief Executive Officer and Director of Generation Life Limited on 31 January 2020.
4. Appointed General Manager of Distribution, Marketing, and Operations on 1 February 2020.

D. Remuneration of Key Management Personnel

Remuneration shown below relates to the period in which the director or executive was a member of key management personnel.

2020

	Salary And fees	Cash bonus	Annual leave entitlement	Long service leave entitlement	Superannuation	Long term incentives	Other share issue	Termination benefits	Total	Performance based proportion
Director										
R N Coombe	-	-	-	-	-	-	-	-	-	-
W E Bessemer	-	-	-	-	-	-	-	-	-	-
J J Tooth	-	-	-	-	-	-	-	-	-	-
J D Wheeler	-	-	-	-	-	-	-	-	-	-
Sub total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Senior Executive										
L Foster[3]	97 920	-	-	-	9 302	-	-	-	107 222	0%
C van der Veen[2]	114 240	-	-	-	10 853	-	-	-	125 093	0%
G Hackett[1]	288 155	144 078	19 064	8 030	21 003	176 645	-	-	656 975	48.8%
T Wong	250 004	75 000	19 649	2 616	21 003	88 322	-	-	456 594	35.8%
F Araujo[4]	229 399	114 700	24 724	5 766	21 003	132 483	-	-	528 075	46.8%
Sub total	**979 718**	**333 778**	**63 437**	**16 412**	**83 164**	**397 450**	**-**	**-**	**1 873 959**	**39.0%**
Total	**979 718**	**333 778**	**63 437**	**16 412**	**83 164**	**397 450**	**-**	**-**	**1 873 959**	**39.0%**

1. Appointed Chief Executive Officer and Managing Director of Generation Life Limited on 1 February 2020.
2. Resigned as Chief Executive Officer and Director of Generation Life Limited on 31 January 2020.
3. Resigned as Chief Executive Officer and Director of Generation Life Limited on 31 January 2020.
4. Appointed General Manager of Distribution, Marketing, and Operations on 1 February 2020.

D. Remuneration of Key Management Personnel (continued)

2019

	Salary And fees	Cash bonus	Annual leave entitlement	Long service leave entitlement	Superannuation	Long term incentives	Other share issue	Termination benefits	Total	Performance based proportion
Director										
R N Coombe	-	-	-	-	-	-	84 184	-	84 184	-
W E Bessemer	-	-	-	-	-	-	-	-	-	-
J J Tooth	-	-	-	-	-	-	-	-	-	-
J D Wheeler	-	-	-	-	-	-	-	-	-	-
Sub total	**-**	**-**	**-**	**-**	**-**	**-**	**84 184**	**-**	**84 184**	**-**
Other Senior Executive										
L Foster	192 000	28 800	-	854	18 240	54 591	-	-	294 485	28.3%
C van der Veen	192 000	28 800	9 233	854	18 240	54 591	-	-	303 718	27.5%
G Hackett	260 000	15 000	5 022	2 132	20 531	136 476	-	-	439 161	34.5%
T Wong	220 004	33 000	11 453	638	20 531	54 591	-	-	340 217	25.7%
Sub total	**864 004**	**105 600**	**25 708**	**4 478**	**77 542**	**300 249**	**-**	**-**	**1 377 581**	**29.5%**
Total	**864 004**	**105 600**	**25 708**	**4 478**	**77 542**	**300 249**	**84 184**	**-**	**1 461 765**	**27.8%**

E. Key Terms of Employment Contracts

The Group has entered into service contracts with each senior executive, excluding the non-executive directors, that are capable of termination with a notice period of between 1 to 3 months. The Group retains the right to terminate a contract immediately by making payment equal to the relevant 1 to 3 month period pay in lieu of notice. The key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified from year to year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

The directors' report is signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the directors

Robert Neil Coombe

Non-Executive Chairman
26 August 2020

Auditor’s Independence Declaration

KPMG

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

To the Directors of Generation Development Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Generation Development Group Limited for the financial year ended 30 June 2020 there have been:

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

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

KPMG

KPMG

Rachel Milum

Rachel Milum

Partner

Melbourne

26 August 2020

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the shareholders of Generation Development Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Generation Development Group Limited (the Company).

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

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

The **Financial Report** comprises:

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

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

Basis for opinion

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

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

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

Independent Auditor's Report

KPMG

Key Audit Matters

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.

This matter was 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 this matter.

Recoverable amount of goodwill ($547K)	
Refer to Note 11 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The recoverable amount of goodwill is a key audit matter due to : • The size of the balance (above materiality); and • The level of judgement required by us in evaluating the Group's assessment of recoverability as contained in value in use (VIU) model; We use a high degree of judgement to assess the Group's impairment testing. Specifically we considered: • The forecast cash flows that were used in VIU model, in particular assumptions regarding budgeted revenue growth rates and Funds under management (FUM); • the key assumptions in the Group's VIU model, including discount rates and growth rates; and • How the Group had considered the impacts of COVID-19 on the key assumptions. In addressing this key audit matter, we involved senior audit team members and valuation specialists, who collectively understand the Group's business, the industry and the economic environment it operates in.	Our procedures included: • Assessing the historical accuracy of forecasting by the Group to consider the accuracy of the forecasting process and to identify areas to focus on in the current year audit; • Considering the appropriateness of the VIU method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • Challenging the Group's assumptions and forecast cash flows used in VIU, including revenue and FUM growth rates and by comparing to market comparators and analysing industry trends. This also included the following procedures: - Comparing the forecast cash flows used in VIU model to Board approved forecasts; - Checking the consistency of revenue, FUM and growth rates to the Group's strategy, past performance, and our experience regarding the feasibility of these in the current economic environment; and - Working with our valuation specialists, we analysed the discount rates and terminal growth rates against publicly available data of a group of comparable entities. Assessing the disclosures in the Financial Report using our understanding of the key audit matter obtained from our testing, our understanding of the increased uncertainty in forward looking assumptions in the current environment and against the requirements of the accounting standards.

Independent Auditor’s Report

KPMG

Other Information

Other Information is financial and non-financial information in Generation Development Group Limited’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

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

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

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor’s Report.

Independent Auditor's Report

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Generation Development Group Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company 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 15 to 25 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Rachel Milum

Rachel Milum

Partner

Melbourne

26 August 2020

Directors’ Declaration

In the opinion of the directors of Generation Development Group Limited (the “Company”):

The consolidated financial statements and notes that are set out on pages 32 to 96 and the Remuneration report on pages 15 to 25 in the Directors’ report, are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group’s financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.

The directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

On behalf of the directors

Robert Neil Coombe

Non-Executive Chairman
26 August 2020

Consolidated statement of profit or loss and other comprehensive income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019* $'000
Revenue			
Revenue from contracts with customers	5 (a)	4 032	3 650
Interest income	5 (b)	1 764	3 298
Revaluation of investments	5 (c)	(76 050)	32 834
Other income	5 (d)	1 687	6 545
Distribution income		40 817	41 004
Total Revenue		**(27 750)**	**87 331**
Expenses			
Personnel expenses	6 (a)	(9 653)	(7 032)
Occupancy expenses		(211)	(680)
Communication expenses		(138)	(137)
Finance expenses		(105)	(26)
Dealing and settlement expenses		(4 648)	(3 670)
Marketing and promotional expenses		(349)	(530)
Depreciation and amortisation expenses	6 (b)	(816)	(437)
Impairment expenses	6 (c)	(110)	(597)
Administration expenses	6 (d)	(4 621)	(4 142)
Policyholder withdrawals - insurance		(141)	(166)
Total Expenses		**(20 792)**	**(17 417)**
(Loss) / profit before income tax expense		**(48 542)**	**69 914**

*Refer to note 1(o).

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019* $'000
Income tax benefit / (expense)	8 (a)	15 449	(13 975)
Loss / (profit) attributable to policyholders		31 456	(50 653)
Net (loss) / profit attributable to shareholders of the Company		**(1 637)**	**5 286**
Total comprehensive income attributable to shareholders of the Company		**(1 637)**	**5 286**
Earnings Per Share			
Basic (cents per share)	15	(1.30)	4.23
Diluted (cents per share)	15	(1.30)	4.23

*Refer to note 1(o).

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Consolidated statement of financial position

AS AT 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Assets:			
Cash and cash equivalents		62 095	23 979
Income tax receivable	8 (c)	2 210	4 080
Trade receivables		1 383	1 523
Other assets	10	27 461	29 281
Financial assets	9	1 219 987	1 051 021
Right-of-use assets	17	478	-
Plant and equipment		300	363
Deferred tax assets	8 (c)	11 578	3 975
Intangible assets	11	1 525	1 185
Total assets		**1 327 017**	**1 115 407**
Liabilities:			
Trade and other payables		1 958	1 264
Current tax liability		8 469	-
Lease liabilities	17	488	-
Other liabilities		1 702	1 183
Provisions	12	774	694
Deferred tax liabilities		5 893	21 080
Policyholder liabilities	22 (b) & 26	1 290 362	1 070 512
Total liabilities		**1 309 646**	**1 094 733**
Net assets		**17 371**	**20 674**

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Consolidated statement of financial position (continued)

AS AT 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Equity:			
Issued capital	13	45 207	44 998
Share based payment reserve		3 370	2 946
Other reserve		222	61
Retained earnings	14	(31 428)	(27 331)
Total equity		**17 371**	**20 674**

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Issued Capital $'000	Share based payment reserve $'000	Other reserve $'000	Retained Earnings $'000	Total $'000
Year End 30 June 2020					
Balance at 1 July 2019	44 998	2 946	61	(27 331)	20 674
Net profit for the year	-	-	-	(1 637)	(1 637)
Total comprehensive income for the year	**-**	**-**	**-**	**(1 637)**	**(1 637)**
Transactions with owners					
Issue of ordinary shares	209	-	-	-	209
Share based payments	-	424	-	-	424
Dividend paid	-	-	-	(2 508)	(2 508)
Other items	-	-	161	48	209
Balance at 30 June 2020	**45 207**	**3 370**	**222**	**(31 428)**	**17 371**
Year End 30 June 2019					
Balance at 1 July 2018	44 498	2 507	-	(30 121)	16 884
Net profit for the year	-	-	-	5 286	5 286
Total comprehensive income for the year	**-**	**-**	**-**	**5 286**	**5 286**
Transactions with owners					
Issue of ordinary shares	500	-	-	-	500
Share based payments	-	439	-	-	439
Dividend paid	-	-	-	(2 496)	(2 496)
Other items	-	-	61	-	61
Balance at 30 June 2019	**44 998**	**2 946**	**61**	**(27 331)**	**20 674**

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Consolidated statement of cash flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Cash Flows from Operating Activities:			
Receipts from customers		13 515	9 587
Distribution received		40 817	37 195
Payments to suppliers and employees		(26 203)	(23 029)
Finance and borrowing costs		(38)	(23)
Income tax received		4 137	2 477
Income tax paid		(1 139)	(11 342)
Payment for investment benefit funds		(249 652)	(154 559)
Contributions by investors		426 131	225 235
Withdrawals by investors		(171 894)	(87 240)
Net cash flow from / (used in) operating activities	**21**	**35 674**	**(1 699)**
Cash Flows from Investing Activities:			
Interest received		1 791	3 566
Investments		(457)	(3 000)
Other investments		299	(284)
Term deposit matured / (invested)		4 637	5 046
Purchase of property, plant and equipment		(624)	(512)
Proceeds / (losses) from sale of financial assets		-	4 226
Loss on impairment of computer equipment		(5)	-
Net cash flows from / (used in) investing activities		**5 641**	**9 042**

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Cash Flows from Financing Activities:			
Dividends paid		(2 508)	(2 496)
Payment of lease liabilities		(948)	-
Lease adjustment		48	-
Issue of additional shares		209	500
Net cash flows (used in) / from financing activities		**(3 199)**	**(1 996)**
Net increase / (decrease) in cash held		38 116	5 347
Cash and cash equivalents at beginning of the year		23 979	18 632
Cash and cash equivalents at end of the year		**62 095**	**23 979**

The Group has adopted the new lease standard AASB 16 on 1 July 2019. As permitted by the standard, the Group has not restated the comparative financial reporting period.

The accompanying notes 1 to 26 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Contents

1. Summary of significant accounting policies

ABOUT GENERATION DEVELOPMENT GROUP

This consolidated financial report for the year ended 30 June 2020 was authorised for issue by the directors on 26 August 2020.

Generation Development Group Limited (the "Company") is a for profit public company listed on the Australian Securities Exchange (ASX: GDG) incorporated in Australia. The Company operates as a Pooled Development Fund. The Company's registered office and principal place of business is Level 12, 15 William Street, Melbourne, Victoria, Australia, 3000.

The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is involved in the provision of Life investment services within the Australian Life Insurance sector.

STATEMENT OF COMPLIANCE

The consolidated financial report is a general purpose financial report (Tier 1) which has been prepared in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB).

BASIS OF PREPARATION

The consolidated financial report has been prepared on the basis of historical cost, except for assets recognised and measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The Statement of Financial Position is presented is order of liquidity. All amounts have been rounded to the nearest thousand in accordance with ASIC Corporations Instrument 2016/191. Unless otherwise stated, all amounts are presented in Australian dollars, which is the functional currency of the Company and its subsidiaries.

CORONAVIRUS (COVID-19) IMPACT

The COVID-19 pandemic has presented significant challenges to global economies and investment markets. Looking after the health and wellbeing of our people during this time has been a key business priority of the Group, which has transitioned almost all its employees to working from home arrangement from mid-March 2020.

Investment market conditions have been significantly disrupted by the COVID-19 pandemic, resulting in the Group's Life's statutory earnings recording $85m of unrealised investment loss. The markets have since improved and recovered part of those losses.

The Board will continue to monitor the situation by exercising judgement on the Group's activities and operations.

The Board does not believe the pandemic will have any significant impact on the Group's ability to continue as a going concern.

The Group will continue to maintain a disciplined focus on expense management while continuing to maintain an appropriate amount of investment to support growth initiatives through innovative digital marketing strategies and actively pursuing emerging acquisition opportunities that are complementary or well positioned for future growth in the financial services sector.

USE OF ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. Refer to note 2 for a discussion of critical estimates and judgements in applying the Group's accounting policies and key sources of estimation uncertainty.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

There were amendments to the existing accounting standards that were effective 1 July 2019. The following new accounting standards shown below have been applied from 1 July 2019. Apart from them the accounting policies and methods and computation are the same as those adopted in the annual report for the prior comparative period.

AASB 16 Leases

General impact of application of AASB 16 Leases

The Group has initially adopted AASB 16 Leases (as issued by the Australian Accounting Standards Board in February 2016) from 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group has applied AASB 16 using the modified retrospective application of AASB 16 in accordance with AASB 16:C5(b). Consequently, the Group will not restate the comparative information. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and IFRIC 4 will continue to apply to those leases entered or modified before 1 July 2019. The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group has applied the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of AASB 16, the Group carried out an implementation project. The project showed that the new definition in AASB 16 does not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

<u>Former operating leases</u>

AASB 16 has changed how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group has:

- Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) have been recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets. This has replaced the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted in some instances to recognise a lease expense on a straight-line basis as permitted by AASB 16.

Former finance leases

The main difference between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. As the Group does not have any finance leases in place, this change has not had any effect on the Group's consolidated financial statements.

Significant accounting policies

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the new lessee, except for certain short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is determined with reference to the following factors:

- Length of the lease;
- Lessee specific credit risk; and
- Secured borrowings adjustment

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) any by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset of the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Impact on transition

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group as a lessee recognises right-of-use assets and lease liabilities for contracts that convey a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applied the modified retrospective transition approach, resulting in the cumulative effect of adopting AASB 16 as an adjustment to opening retained earnings at 1 July 2019, with no restatement to comparative information.

At transition, for leases classified as operating leases under AASB 117:

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The Group's incremental borrowing rate applied to the lease liability on 1 July 2019 was between 1.1% to 1.3% depending on the remaining term of the lease. There were no leases previously recorded as finance leases.

Lease liabilities recognised in the statement of financial position at the date of initial application are reconciled as follows:

	1 July 2019 $'000
Operating leases commitments disclosed as at 30 June 2019	840
Discounted using the lessee's incremental borrowing rate	(9)
Less: Adjustment to opening assessment	(15)
Lease liability recognised as at 1 July 2019	**816**

The right-of-use lease assets recorded on adoption of AASB 16 as at 1 July 2019 amounts to $816 thousand. Refer to note 17.

<u>Practical expedients applied</u>

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard;

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group entity has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Impact for the period

The Group has recognised $478 thousand of right-of-use assets and $488 thousand as lease liabilities as at 30 June 2020.

In relation to those leases under AASB 16, The Group has recognised depreciation and interest costs, instead of operating lease expenses. During the financial year ended 30 June 2020, the Group recognised $471 thousand of depreciation charges and $8 thousand of interest costs from these leases.

Lessor accounting

The adoption of AASB 16 did not have a significant impact on the accounting for assets held as lessor under operating leases.

AASB Interpretation 23 'Uncertainty over Income Tax Treatments'

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting period beginning on or after 1 July 2019. The interpretation did not have a material impact on the consolidated financial statements of the Group.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 17 Insurance Contracts

This standard was issued in July 2017 and replaces AASB 1038 Life Insurance Contracts, AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts. This standard will become effective for the Group's 30 June 2022 financial statements. The International Accounting Standards Board has deferred the effective date to period commencing July 2023 and the AASB is expected to adopt the same effective date.

Under AASB 17, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. This will impact the Group's estimation of policyholder liabilities in the Generation Life Limited Benefit Funds, shown in note 26 of these financial statements, and will also have a potential impact on the Deferred Acquisition Costs for Generation Life Limited. The Group is not expected to early adopt the standard.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2020 and the results of all controlled subsidiaries for the year then ended. This includes the benefit funds of its subsidiary, Generation Life Limited and any controlled entities.

The benefit funds are treated as statutory funds in accordance with Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the Group, are shown separately from shareholder funds in the notes to the financial statements.

Control is achieved where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of controlled entities appears in note 19 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

The Group accounts for business combination using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. The transaction costs incurred by the Group in connection with the business combination, such as finders' fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The consolidated financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

AASB 9 Financial Instruments

The Group has initially adopted AASB 9 on 1 July 2018. The hedge accounting requirements of AASB 9 have not been applied, as the Group is not party to any hedging relationships.

Classification & measurement of financial assets and financial liabilities

The basis of classification under AASB 9 results in financial assets being classified into one of three categories: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The held to maturity, loans and receivables and available for sale categories have been removed. The classification criteria for allocating financial assets between categories under AASB 9 requires the Group to assess the business models under which its assets are managed, distinguishing whether:

- its objective is to hold assets to collect contractual cash flows;
- its objective is both to collect contractual cash flows and to sell the asset; or
- it represents another type of business model (e.g. trading).

The group is also required to review contractual terms and conditions to determine whether the cash flows arising on these assets represent solely payments of principal and interest on the principal amount outstanding. All of the Group's financial assets as at 1 July 2019 were managed within business models whose objective is solely to collect contractual cash flows and are now classified as amortised cost, except for the financial instruments including cash and cash equivalents, and unlisted unit trusts within the Policyholder Benefit Funds, which are not held for trading and continue to be classified as fair value through profit or loss. Term deposits are valued at amortised costs. The basis of classification for financial liabilities under the new standard remains unchanged.

Impairment

Under AASB 9, an expected credit loss (ECL) model replaces the incurred loss model, meaning there no longer needs to be a trigger event in order to recognise impairment losses against financial assets not recognised as FVTPL . A credit loss allowance must be made for the amount of any loss expected to arise, whereas under AASB 139, credit losses are only recognised when incurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Under the ECL model, a dual measurement approach applies whereby a financial asset will attract an ECL allowance equal to either 12 months of expected credit losses (losses resulting from possible defaults within the next 12 months), or lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset). The latter applies if there has been a significant deterioration in the credit quality of the asset since origination, albeit lifetime ECLs will always be recognised for assets without a significant financing component. AASB 9 also permits the Group to adopt a set of practical expedients, including that short duration trade receivables which do not contain a significant financing component will have minimal expected credit losses, and that debt instruments that are determined to have a low credit risk at the reporting date and credit risk has not increased significantly since origination have loss allowances measured as equivalent to 12 month ECLs.

ECLs are a probability weighted estimate of credit losses, measured as the present value of all cash shortfalls. This is the difference between the cash flows due to the entity in accordance with the contract, and the cash flows that the group expects to receive, discounted at the effective interest rate of the financial asset.

The Group's financial assets not recognised at FVTPL are represented by short term trade receivables, plus cash and cash equivalents and investments in term deposits with investment grade domestic bank counterparties, and therefore the impact of the new standard is considered minimal. Impairment allowances on financial instruments are presented under finance expenses and not presented separately in the condensed consolidated statement of profit or loss and other comprehensive income.

AASB 15 Revenue from Contracts with Customers

On 1 July 2018 the Group adopted AASB 15, replacing the previous accounting standard, AASB 118 Revenue. Under AASB 118, revenue is recognised when risks and rewards are transferred from the seller to the buyer. AASB 15 has introduced a single, principle-based five step recognition and measurement model for revenue. AASB 15 applies to contracts with customers except for revenues the Company earns from financial instruments, such as interest income, and insurance contracts.

The Group's accounting policy for revenue within the scope of AASB 15 has been updated to state that revenue is recognised as performance obligations are satisfied.

As a result of the above assessment, there has been no impact recognised in opening retained earnings, or impact of the new standard on the Group's statement of financial position as at 30 June 2020, statement of profit or loss and other comprehensive income, or statement of cash flows for the year ended 30 June 2020.

The Group adopted the standard using the cumulative effect method, with the effect of initially applying the standard recognised at 1 July 2018. Accordingly, there has been no restatement to the comparative period financial statements.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report and have been applied consistently to all periods presented:

a. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks (net of outstanding bank overdrafts) and other cash equivalents that are short term, highly liquid investments, readily convertible to known amounts of cash subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of recognition.

b. Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a specific provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

c. Impairment of non financial assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

d. *Plant and equipment*

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on either a straight line or diminishing value basis so as to write off the net cost of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The rates used in the calculation of depreciation for the current and comparative period are as follows:

Category	Rate
Leasehold improvements	20%
Computer equipment	33%
Computer software	14% - 20%
Furniture and fittings	20%

e. *Goodwill*

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Goodwill is not amortised and subsequently measured at its cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating unit (CGU) Generation Life. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in subsequent periods.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

f. Software assets

Costs incurred in acquiring software and licenses that will contribute to future period financial benefit 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, licenses over the estimated useful life, which is 5 years.

g. Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods or services. The carrying value of payables are assumed to approximate their fair values due to their short term nature.

h. Issued capital

Ordinary shares are classified as equity. Ordinary issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

i. *Income tax*

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributable to that asset or liability for taxation purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

j. Employee benefits

Short term employee benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Share-based payment

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The equity instruments provided in these arrangements are equity instruments of the ultimate parent entity, Generation Development Group Limited.

The fair value determined at the grant date of the award is recognised over the vesting period, based on the Group's estimate of the value of the award that will eventually vest, with the corresponding increase to share based payments reserve.

k. Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Generation Development Group Limited and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences and borrowing costs are recognised in profit or loss in the period in which they arise.

l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation, its carrying amount and the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be recovered and the amount of the receivable can be measured reliably.

m. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

n. Benefit Funds

Under the Life Insurance Act 1995 (Life Act), the Group's Life Insurance and Life Investment business is conducted with external policyholders within separate statutory funds ('Benefit Funds'), which are distinguished from each other and from Shareholders' Funds ('the Management Fund'). Policyholder assets and liabilities are not attributable to shareholders.

The Benefit Funds and the Management Fund are presented as a single set of financial statements, with additional disclosures being presented in note 26 showing all major components of the financial statements disaggregated between the Benefit Funds and the Management Fund.

This financial report therefore comprises the Generation Life Limited Management Fund and 60 Benefit Funds. The Benefit Funds have been classified as either life investment or life insurance contracts according to the rules of the benefit funds (refer note 24), as required under AASB 1038 Life Insurance Contracts and other requirements of the Life Act. There are 58 life investment contract benefit funds and 2 life insurance contract benefit funds. The assets of each benefit fund are regarded as assets backing either life investment or life insurance contract liabilities according to the classification of the fund to which they belong.

The operating expenses of the benefit funds have been apportioned between contract acquisition, contract maintenance, investment management and other expenses according to the descriptions given in the Product Disclosure Statement (PDS) and the fund rules.

Assets backing Policyholder Liabilities

The assets of the Company are assessed under AASB 1038 Life Insurance Contracts to be assets that are held to back life insurance policy liabilities and assets that represent owners' funds.

The Company has determined that all financial assets held within its statutory funds are assets backing policy liabilities. The assets of one benefit fund cannot be used to support the liabilities of another. These financial assets include investment securities that are designated as fair value through profit or loss as they are managed and their performance evaluated on a fair value basis for internal and external reporting in accordance with the investment strategy.

Restriction on Use

Assets held in the Benefit Funds are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the benefit funds and controlled trusts are held for the benefit of the Policyholders of those funds, and are subject to the constitution and rules of those funds.

Restrictions on the use of assets invested for policyholders in statutory funds include:

- Benefit fund rules;
- Life Insurance Act 1995 requirements;
- Prudential Standards;
- Actuarial Standards; and
- Company policies and procedures.

Classification of Benefit Funds

The 60 Benefit funds are classified as either Life Insurance or Life Investment contracts according to the benefit fund rules. Criteria considered in the classification process include the level of insurance risk accepted under the contract and the existence of discretionary participation features (such as discretion by the board over the level of bonus).

o. Other significant accounting policies

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Changes in accounting policies

A subsidiary of the Company, Generation Life Limited ('GLL') , is a friendly society in accordance with the Life Insurance Act 1995 (the 'Act'). The Funds operated by GLL, and any trusts controlled by those Funds, are treated as statutory funds are consolidated in accordance with accounting standards. For the year ended 30 June 2020, and going forward, the management fees paid by the statutory funds to GLL are eliminated on consolidation. In prior periods they were reflected separately on the face of the consolidated statement of profit or loss and other comprehensive income.

p. Segment reporting

The Group has the following two strategic divisions, which are its reportable segments. All segments' operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments

Investment Bonds Management and Fund Administration

The provision of administration and management services to the Benefit Funds of Generation Life Limited and administration services to institutional clients.

Other Businesses

This segment pertains to Ascalon Capital Managers Limited which is in the process of launching a new Asia Pacific seeding vehicle to invest in alternative investment funds in the Asia Pacific region.

Non-operating segment

Benefit funds represents the operating result and financial position of the Benefit Funds which are required to be consolidated in the Group's financial statements in accordance with the accounting standards.

Where relevant, comparative financial information has been restated to ensure consistency in presentation of financial information across the applicable comparative periods.

p. Segment reporting (continued)

The reportable segments are divisions engaged in providing either different products or services. The statutory benefit funds are classified as a non-operating segment. Details of the operating and non-operating segments are detailed below:

30 JUNE 2020

	Operating Segments			Non-operating Segment		
	Investment Bonds Management & Funds Administration $ '000	Other Business $ '000	Operating Segment Total $ '000	Benefit Funds $ '000	Elimination* $'000	Consolidated Total $ '000
Revenue						
External revenue	14 385	86	14 471	(32 947)	(9 274)	**(27 750)**
Segment revenue	**14 385**	**86**	**14 471**	**(32 947)**	**(9 274)**	**(27 750)**
Expenses	(16 743)	(2 435)	(19 178)	(10 888)	9 274	**(20 792)**
Income tax benefit / (expense)	3 070	-	3 070	12 379	-	**15 449**
Loss attributable to policyholders	-	-	-	31 456	-	**31 456**
Net profit / (loss) after tax	**712**	**(2 349)**	**(1 637)**	**-**	**-**	**(1 637)**
Segment assets and liabilities						
Segment total assets	17 959	2 742	20 701	1 306 316	-	**1 327 017**
Segment total liabilities	(3 116)	(214)	(3 330)	(1 306 316)	-	**(1 309 646)**
Segment net assets / (deficiency)	**14 843**	**2 528**	**17 371**	**-**	**-**	**17 371**
Other Segment Information						
Depreciation and amortisation	(816)	(110)	(926)	-	-	**(926)**

*Refer to note 1(o).

p. Segment reporting (continued)

30 JUNE 2019

	Operating Segments			Non-operating Segment		
	Investment Bonds Management & Funds Administration $ '000	Other Business $ '000	Operating Segment Total $ '000	Benefit Funds $ '000	Elimination* $ '000	Consolidated Total $ '000
Revenue						
External revenue	17 191	143	17 334	77 395	(7 398)	**87 331**
Segment revenue	**17 191**	**143**	**17 334**	**77 395**	**(7 398)**	**87 331**
Expenses	(14 973)	(1 295)	(16 268)	(8 547)	7 398	**(17 417)**
Income tax benefit / (expense)	4 219	1	4 220	(18 195)	-	**(13 975)**
Profit attributable to policyholders	-	-	-	(50 653)	-	**(50 653)**
Net profit / (loss) after tax	**6 437**	**(1 151)**	**5 286**	**-**	**-**	**5 286**
Segment assets and liabilities						
Segment total assets	15 575	7 518	23 093	1 099 349	-	**1 122 443**
Segment total liabilities	(1 918)	(501)	(2 419)	(1 099 349)	-	**(1 101 769)**
Segment net assets / (deficiency)	**13 657**	**7 017**	**20 674**	**-**	**-**	**20 674**
Other Segment Information						
Depreciation and amortisation	(1 018)	(16)	(1 034)	-	-	**(1 034)**

*Refer to note 1(o).

2. Use of estimates and judgement

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The following are the significant areas of estimation uncertainty and critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

COVID-19 IMPACT ON THE USE OF ESTIMATES AND ASSUMPTIONS

On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. COVID-19 is an infectious disease that can cause respiratory illness. While COVID-19 is a health crisis, it has caused socioeconomic disruption on a global scale. The Company has considered the impact of COVID-19 when preparing the financial statements and related note disclosures. While the effects of COVID-19 do not change the significant estimates, judgements and assumptions in the preparation of financial statements, it has resulted in increased estimation uncertainty and application of further judgement within those identified areas.

INTANGIBLE ASSETS (GOODWILL & CAPITALISED SOFTWARE)

Management judgement is used to assess the recoverable value of goodwill and other intangible assets. The carrying amount of goodwill is based on assumptions including forecasts used for determining cashflows, available headroom, and the sensitivities of the recoverable amount to reasonably possible changes in assumptions. The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill on the balance sheet is impaired. Further details are disclosed in note 11.

Capitalised software and other intangible assets are assessed for indicators of impairment annually, including those assets not ready for use. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying value of the asset is written down immediately.

EMPLOYEE BENEFITS

The liability for employee benefits (annual leave and long service leave) disclosed in note 12 is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. A discount rate equal to the 10 year high quality corporate bond rate has been used in determining the present value of the obligation.

VALUATION OF FINANCIAL ASSETS

The fair value of assets that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the balance sheet date.

For investments with no active market, fair values are determined using valuation techniques. Valuation techniques commonly used by market practitioners are applied, including using discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Such techniques include using recent arm's length market transactions, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Management uses their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market.

SHARE BASED PAYMENTS

When determining the grant date fair value of share based payments, the Group utilises standard market techniques for valuation, including a Monte-Carlo Stimulation pricing model, which take into account performance hurdles. Further details of the significant assumptions employed are disclosed in note 6.

DEFERRED TAX ASSETS

Management uses their judgement in determining the value of carry forward tax losses. Reference is made to forecasts and budgets to ensure the recoverability of tax losses remains probable over the foreseeable future. Tax losses are only recognised as deferred tax assets to the extent that management considers it is probable that there will be future taxable profit available against which the tax losses can be utilised.

POLICYHOLDER LIABILITIES

The appointed actuary of Generation Life Limited uses their judgement in determining the fair value of policyholder liabilities related to life insurance contracts and life investment contracts with discretionary participating features. Refer to note 23 for critical estimation assumptions for determining insurance policyholder liabilities and note 26 for disaggregated disclosures for each life insurance benefit fund.

3. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further qualitative disclosures are included throughout this financial report.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has adopted an approved Risk Management Plan, which reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.

The Board recognises the broad range of risks that the Group faces as a participant in the financial services industry. Increasingly, the risk of climate change is being considered within the investment process. The Group considers the risk of climate change within its risk management framework and work to ensure that these risks are mitigated where possible. The Group is not currently materially exposed to climate risk.

Day to day responsibility for risk management has been delegated to executive management, with review occurring at Board level. The Chief Executive Officer and Chief Financial Officer are required to provide to the Board an annual certification that the Group's risk management system is operating efficiently and effectively in all material respects.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's capital structure consists of cash, cash equivalents, investments and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 13 and 14 respectively.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and financial assets. The Group does not have any specific concentration of credit risk with a single counterparty.

Trade and other receivables

The credit risk for trade receivables for the Group is the risk that financial assets recognised on the statement of financial position exceed their carrying amount, net of any provisions for doubtful debts.

Financial assets

Given the strong credit ratings of external bank counterparties and Investments backing policyholder liabilities being invested with reputable counterparties in the managed funds sector, the Group is of the view that all counterparties are expected to meet their obligations.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of the Group's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

It is the Group's policy to minimise the exposure of all statement of financial position items to movement in foreign exchange rate.

Foreign currency exposure arises primarily as a result of investments in Euro Zone, United Kingdom, France, Hong Kong and United States, so currency risk therefore arises from fluctuations in the value of the Euro, Great Britain Pound, Swiss Francs, Hong Kong Dollar and US dollar against the Australian Dollar.

Interest rate risk

Interest rate risk arises from the potential for changes in interest rates to have an adverse effect on the net earnings of the Group. The Group's earnings are affected by movements in market interest rates due to funds borrowed and/or held in high interest deposit accounts.

Equity price risk

The Group is exposed to equity price risk. Any overall downturn in the equities market may impact on the future results of the Group as a whole, however the risk is borne by policyholders.

INSURANCE RISK

Insurance risk is the likelihood and financial impact of events which may occur that will expose the Company to financial loss and consequently the inability to meet its liabilities. Life insurance contract liabilities are calculated in accordance with actuarial standards.

The Group's objective is to satisfactorily manage these risks in line with the Risk Management Statement approved by the board. In addition, the Company receives advice from the Appointed Actuary, in accordance with APRA Prudential Standard LPS 310.

Solvency

Solvency margin requirements established by actuarial professional standards and by regulators are in place to reinforce safeguards for policyholders' interests, being primarily the ability to meet future payments to Policyholders. The solvency requirement establishes the required excess of the value of the insurers' assets (at a benefit fund level) over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be maintained throughout the period, not just at period end. These solvency requirements take into account specific risks faced by the Company.

Terms and conditions of insurance business

The table below provides an overview of the key variables upon which the timing and uncertainty of the future cash flows of the various life insurance and investment contracts on issue are determined.

Type of contract	Details of contract workings	Nature of compensation for claims	Key variables affecting timing and uncertainty of future cash flows
Discretionary participating life insurance contracts	The sum insured is specified at inception and guaranteed. Bonuses are added annually, and can either be guaranteed or non guaranteed (based on actuarial advice). A further terminal bonus may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the sum insured.	Mortality, surrenders, and market earnings on the assets backing the liabilities.
Discretionary participating investment contracts	Gross value of premiums received is invested and investment management fees are deducted monthly. Bonuses are added annually and a further terminal bonus may be added on surrender, death or maturity.	Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the account balance.	Surrenders, expenses and market earnings on the assets backing the liabilities.
Unit linked investment contracts	Gross value of premiums received is invested in units and investment management fees are deducted monthly.	Investment return is the earnings on the assets less any management fees.	Market risk, expenses, withdrawals.

4. Key management personnel

The Directors and other Key Management Personnel of the Group during 2020 were as follows.

DIRECTORS

Mr Robert Neil Coombe
Non-Executive Chairman

Mr William Eric Bessemer
Non-Executive Director

Mr Jonathan James Tooth
Non-Executive Director

Mr John David Wheeler
Non-Executive Director

KEY MANAGEMENT PERSONNEL

Mr Grant Hackett OAM
Chief Executive Officer Generation Life Limited
(appointed 1 February 2020)

Mr Terence Wong
Chief Financial Officer

Mr Felipe Araujo
General Manager of Distribution, Marketing, and Operations
Generation Life Limited (appointed 1 February 2020)

The aggregate compensation made to Directors and other Key Management Personnel of the Group is set out below:

	Consolidated	
	2020 $'000	2019 $'000
Short term employee benefits	1 314	970
Long term employee benefits	80	30
Long Term Incentives	397	300
Post-employment benefits (superannuation contribution)	83	78
Other share based payments	-	84
	1 874	**1 462**

5. Revenue

The Group's main revenue streams are fee revenues earned from contracts with customers for life investment management and investment administration services.

A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

In the following table, revenue is disaggregated by type of service, major service lines and timing of revenue recognition.

	2020 $'000	2019 $'000
Major service lines and type of service		
Placement fee	75	114
Fee income - Funds administration	397	388
Adviser fee	3 560	3 675
	4 032	**4 177**
Timing of revenue recognition		
Services transferred over time	3 234	3 433
Services transferred at a point of time	798	744
	4 032	**4 177**

B. INTEREST INCOME

	2020 $'000	2019 $'000
Interest income	95	240
Interest income in benefit funds - investment contracts	1 550	2 876
Interest income in benefit funds - insurance contracts	119	182
	1 764	**3 298**

C. REVALUATION INCOME

	2020 $'000	2019 $'000
Realised gain / (loss) on sale of investments - management funds	-	7
Realised gain / (loss) on sale of investments - benefit funds	9 379	(22 450)
Foreign exchange (loss) / gain	(68)	-
Unrealised (loss) / gain on assets designated as FVTPL - management funds	(15)	32
Unrealised (loss) / gain on assets designated as FVTPL - benefit funds - foreign	(166)	-
Unrealised (loss) / gain on assets designated as FVTPL - benefit funds	(85 180)	55 245
	(76 050)	**32 834**

D. OTHER INCOME

	2020 $'000	2019 $'000
Other income	1 421	1 305
Revaluation of policyholders liabilities	203	134
Lease rental income	63	-
Gain on acquisition of Ascalon	-	5 106
	1 687	**6 545**

6. Expenses

A. PERSONNEL EXPENSES

	2020 $'000	2019 $'000
Salaries and related expenses	9 290	6 593
Share based payments	363	-
Issuance of shares	-	-
LTI arrangements	-	439
Termination benefits	-	-
	9 653	**7 032**

LTI ARRANGEMENTS

Under the executive LTI plan awards were made to executives and other key talent who are able to influence the generation of shareholders wealth and thus have a direct impact on the Group's performance against long term performance hurdles. The eligible participants are granted rights to shares based on a percentage of their base salary. On 30 June 2020, total value of rights granted was $423,947. The number of rights actually vesting will only be known at the end of the measurement period once the performance hurdles reflected below are met. The Group has sole discretion to award the vested tranches of LTI as shares or cash. The Share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in Share-based payment reserve.

The summary of key valuation assumptions for grants granted in the year ending 30 June 2020 is set out below:

Grant date	30 June 2020	28 June 2019
Performance measure	50% TSR/ 50% EPS	25% TSR/ 75% FUM
Fair value methodology	Monte Carlo simulation	Monte Carlo simulation
Start of performance period	1 July 2020	1 July 2019
Testing date	30 June 2023	30 June 2022
Measurement period	3 Years	3 Years
Value of rights granted	$423 947	$354 839

B. DEPRECIATION AND AMORTISATION EXPENSES

	2020 $'000	2019 $'000
Computer equipment	99	89
Other property plant and equipment	58	58
Capitalised software	188	290
Depreciation - right of use assets (ROU)	471	-
	816	**437**

C. IMPAIRMENT EXPENSES

	2020 $'000	2019 $'000
Computer equipment	5	23
Other impairment	105	-
Capitalised software	-	574
	110	**597**

D. ADMINISTRATION EXPENSES

	2020 $'000	2019 $'000
Administration expenses	4 463	4 028
Administration expenses in benefit funds - investment contracts	158	113
Administration expenses in benefit funds - insurance contracts	-	1
	4 621	**4 142**

7. Remuneration of auditors

	Consolidated 2020 $'000	2019 $'000
Audit services		
Audit and review of financial reports of the Group and Controlled Entities	359	326
Other Audit - Related Services		
Assurance services	85	85
Non-Audit Services		
Other non-audit services	5	5
	449	**416**

8. Income tax

At 30 June 2020 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

A. INCOME TAX RECOGNISED IN PROFIT AND LOSS

	Consolidated	
	2020 $'000	2019 $'000
Income tax expense comprises:		
Current Tax		
Current income tax expense / (benefit)	7 340	(1 760)
Deferred Tax expense / (benefit)		
(Derecognition) / recognition of tax losses	(22 789)	15 735
Total Income tax expense	**(15 449)**	**13 975**

B. RECONCILIATION OF THE PRIMA FACIE INCOME TAX EXPENSE AS PRE-TAX PROFIT WITH THE INCOME TAX EXPENSE CHARGED TO THE INCOME STATEMENT

	Consolidated	
	2020 $'000	2019 $'000
(Loss) / profit before income tax attributable to shareholders	**(48 542)**	**69 914**
Income tax expense calculated at 30% (2019: 30%)	(14 563)	20 974
Non deductible expenses	4 499	3 550
(Deductible expenses) / Assessable income	(918)	294
Non assessable income	(3 166)	(3 259)
Effect of 15% tax rate *	-	(1)
Tax losses (derecognised) / recognised as deferred tax assets	-	(870)
Change in unrecognised temporary differences	1 409	-
Franking dividends / foreign tax credits received	(5 166)	(6 570)
(Over) / under provisions in prior year	-	(143)
Tax losses utilised	2 456	-
Income tax expense recognised in Profit and Loss	**(15 449)**	**13 975**

*There are 2 complying funds that have a 15% tax rate.

At 30 June 2020 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

C. DEFERRED TAX ASSETS

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current tax assets comprise:		
Income tax receivable	2 210	4 080
Deferred tax assets comprise:		
Provision	144	74
Tax losses	11 434	3 901
	11 578	**3 975**

	Consolidated		
	Opening Balance $'000	Charged to Income $'000	Closing Balance $'000
2020			
Provision	74	70	144
Tax losses	3 901	7 533	11 434
	3 975	**7 603**	**11 578**
2019			
Provision	51	23	74
Tax losses	5 841	(1 940)	3 901
	5 892	**(1 917)**	**3 975**

9. Financial assets

	Consolidated 2020 $'000	2019 $'000
Financial assets carried at fair value through profit or loss		
Term deposits (a)	72 084	104 896
Investments (b)	1 147 903	946 125
Total financial assets	**1 219 987**	**1 051 021**
Current	1 219 987	1 051 021
Non current	-	-
	1 219 987	**1 051 021**

(a) The term deposits have maturities ranging from three to twelve months

(b) Investments are amounts invested by the benefit funds in unlisted externally managed funds and listed securities

10. Other assets

	Consolidated 2020 $'000	2019 $'000
Accrued income	26 919	28 873
Goods and Services Tax receivable	156	138
Prepayment	386	270
	27 461	**29 281**

11. Intangible assets

	Consolidated		
	Software $'000	Goodwill $'000	Total $'000
Gross Carrying Amount:			
Balance at 30 June 2018	**1 413**	**547**	**1 960**
Additions	372	-	372
Disposals	(308)	-	(308)
Balance at 30 June 2019	**1 477**	**547**	**2 024**
Additions	528	-	528
Disposals	-	-	-
Balance at 30 June 2020	**2 005**	**547**	**2 552**
Accumulated amortisation and impairment losses:			
Balance at 30 June 2018	**(284)**	**-**	**(284)**
Amortisation expense	(290)	-	(290)
Amortisation reversal on write-offs	309	-	309
Impairment	(574)	-	(574)
Balance at 30 June 2019	**(839)**	**-**	**(839)**
Amortisation expense	(188)	-	(188)
Amortisation reversal on write-offs	-	-	-
Impairment	-	-	-
Balance at 30 June 2020	**(1 027)**	**-**	**(1 027)**
Carrying Amount:			
As at 30 June 2020	**978**	**547**	**1 525**
As at 30 June 2019	**638**	**547**	**1 185**
As at 30 June 2018	**1 129**	**547**	**1 676**

IMPAIRMENT TESTING FOR CASH - GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, all goodwill is allocated to the Generation Life business, which is designated as the Cash-Generating Unit for the purposes of evaluating any potential impairment (the “CGU”). The recoverable amounts for the CGU have been determined based on its value in use, determined by discounting the forecasted future cash flows to be generated from the continuing use of the CGU, covering a period of ten years. Cash flows were projected assuming the continuation of the present cost structure. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

The key assumptions used in the calculation of the value in use were the average revenue growth rate, discount rate and the terminal value growth rate. The assumptions employed represent the Group’s assessment of future trends and have been based on data from both internal and external sources:

- Average revenue growth rate of 18% (2019: 15%)
- A pre-tax discount rate of 15% (2019: 12.5%)
- Terminal growth rate of 2% (2019: 0.1%)

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $21 million. Historically the Group has used a five year Discounted Cash Flow (DCF) valuation model. However, given the high earnings growth experienced in the last few years, a longer term, ten year DCF model would be more appropriate to reflect the underlying value and will be adopted this reporting period, and going forward. Management continues to monitor the estimates to assess whether there is any impact to the carrying value of the CGU.

12. Provisions

EMPLOYEE ENTITLEMENTS

The provision for employee entitlements represents the total benefits accrued to employees for annual leave and long service leave. The calculation of this provision has been performed in accordance with accounting policy note 1(n).

CLAIMS

The provisions for claims relates to the acquisition by Generation Life Limited of Manchester Unity Limited in the 2006 financial year. When Generation Life acquired Manchester Unity, Manchester Unity members were entitled to a $330 once off demutualisation benefit. The provision represents the estimated amounts owing to members who have not claimed their demutualisation benefit at balance date, as calculated by the independent appointed actuary.

OFFICE LEASEHOLD RESTORATION

The provision for office restoration represents the estimated cost to vacate and return the leased office premises to the property landlord in satisfaction of its lease agreement. It is expected that the provision will be utilised at lease expiry.

	Consolidated			
	Employee Entitlements $'000	Claims $'000	Office Restoration $'000	Total $'000
2020:				
Balance at 1 Jul 2019	553	16	125	694
Made during the year	613	-	-	613
Used / released during the year	(531)	(2)	-	(533)
Total provisions at 30 June 2020	**635**	**14**	**125**	**774**
2019:				
Balance at 1 Jul 2018	527	19	125	671
Made during the year	486	-	-	486
Used / released during the year	(460)	(3)	-	(463)
Total provisions at 30 June 2019	**553**	**16**	**125**	**694**

13. Issued capital

	Consolidated 2020		Consolidated 2019	
	Number	$'000	Number	$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial year	125 289 873	44 998	124 677 900	44 498
Issued during the year	355 014	209	611 973	500
Balance at end of the financial year	**125 644 887**	**45 207**	**125 289 873**	**44 998**

1. On 10 October 2019, 223,864 shares were issued as ordinary shares at a price of $0.66 in accordance with the DRP agreement.
2. On the 14 April 2020, 131,150 shares were issued as ordinary shares at a price of $0.47 in accordance with the DRP.

14. Retained earnings

	2020 Accumulated losses Total $'000	2019 Accumulated losses Total $'000
Opening accumulated losses	(27 331)	(30 121)
Net (loss) / profit attributable to shareholders	(1 637)	5 286
Dividends paid	(2 508)	(2 496)
Other items	48	-
Closing accumulated losses	**(31 428)**	**(27 331)**

15. Earnings Per Share

	Consolidated 2020 Cents per Share	2019 Cents per Share
Earnings per Share:		
Basic	(1.30)	4.23
Diluted	(1.30)	4.23

	2020 $'000	2019 $'000
Earnings per share:		

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2020	2019
Earnings used for basic and diluted earnings per share calculations	(1 637)	5 286
Weighted average number of ordinary shares for the purposes of basic EPS	125 479 910	124 947 458
Weighted average number of ordinary shares for the purposes of diluted EPS	125 484 653	124 971 578

16. Dividends

The company paid a final 2019 dividend of $0.01 per ordinary share on 10 October 2019. A 2020 interim dividend of $0.01 per ordinary share was paid on 14 April 2020. The DRP was in operation for both these dividends.

	Consolidated	
	2020 $'000	2019 $'000
Recognised Amounts:		
Dividends paid	2 508	2 496
	2 508	**2 496**

FRANKING CREDITS

Franking credits available to the Group and subsidiaries based on the tax rate of 30% are as follows:

	2020 $'000	2019 $'000
Generation Development Group Limited	857	-
Austock Financial Services Pty Limited	13 409	14 266
Generation Life Limited	14	14
Bonds Custodian Pty Limited	24	24
	14 304	**14 304**

17. Right-of-use assets / Lease liabilities

Information about leases for which the Group is a lessee is presented below:

RIGHT-OF-USE ASSETS

	Rental Premises $'000	Office Equipments $'000	Total $'000
Balance as at 1 July 2019	816	-	816
Depreciation charge for the year	(442)	(29)	(471)
Additions to right-of-use lease assets	-	133	133
Derecognition of right-of-use lease assets	-	-	-
Balance as at 30 June 2020	**374**	**104**	**478**

LEASE LIABILITIES

	Rental Premises $'000	Office Equipments $'000	Total $'000
Balance as at 1 July 2019	816	-	816
Cash lease payments	(438)	(31)	(469)
Finance lease interest	7	1	8
Additions to lease liabilities	-	133	133
Balance as at 30 June 2020	**385**	**103**	**488**

Included in the above totals is the property lease in respect of the Group's Melbourne premises, which is a non-cancellable lease which expires on 31 May 2021.

18. Contingent liabilities

BANKING FACILITIES

The Group has the following finance facilities with National Australian Bank Limited:

- Direct debit facility of $5,000,000 (2019: $2,000,000) to be used for client's accounts as part of the Generation Life business; and
- NAB credit card facilities of $150,000 (2019: $80,000) used by Senior Staff for business travel and client entertainment as part of Austock Financial Services business.

The above facilities are backed by term deposits of $120,000 and $150,000 respectively.

The Company has issued letters of support in respect of certain of its subsidiaries in the normal course of business. Under these letters, the Company undertakes to ensure that those subsidiaries continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

19. Controlled entities

Name of Entity	Country of Incorporation	2020 Ownership Interest	2019 Ownership Interest
Parent entity			
Generation Development Group Limited	Australia	-	-
Controlled entities			
Generation Life Limited	Australia	100%	100%
Austock Nominees Pty Limited	Australia	100%	100%
Austock Financial Services Pty Limited	Australia	100%	100%
Bonds Custodian Pty Limited	Australia	100%	100%
Austock Capital Management Pty Limited	Australia	100%	100%
Ascalon Capital Managers Pty Limited (formerly known as Ascalon Capital Managers Limited)	Australia	100%	100%

20. Related parties

A. EQUITY INTERESTS IN RELATED ENTITIES

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 19 to the financial statements.

B. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition, the following transactions occurred between the ultimate parent entity and the controlled entities of the Group and key management personnel:

- Directors and their family members have invested in the Benefit Funds managed by Generation Life Limited. These investments were undertaken on commercial terms. The value of these investments is $2,565,627 (2019: $3,642,446).

C. TRANSACTIONS WITHIN THE WHOLLY OWNED GROUP

The wholly owned group includes:

- The ultimate parent entity in the wholly owned group; and
- Wholly owned controlled entities.

The ultimate parent entity in the wholly owned group is Generation Development Group Limited.

During the year the parent entity has provided general management assistance to its controlled entities on normal commercial terms and conditions no more favourable than those available to other parties dealing on an arm's length basis. The total value of the management assistance services provided was $2,249,842 (2019: $2,484,430). This is eliminated on consolidation.

D. TRANSACTIONS WITH OTHER RELATED PARTIES

There were no other transactions with related parties for the year ended 30 June 2020 (2019: $nil).

21. Notes to the Statement of Cash Flows

	Consolidated 2020 $'000	Consolidated 2019 $'000
Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations		
(Loss) / profit from ordinary activities after tax	(33 093)	55 939
Depreciation and amortisation	821	1 020
Share based payments	363	439
Interest income / term deposit	(1 790)	(3 566)
Revaluation of investment	(67)	(134)
Ongoing policyholder deduction	(2 760)	(2 407)
Net contribution by policyholders	254 237	138 159
Investments	456	-
Bargain purchase	-	(5 106)
Change in assets and liabilities		
(Increase) / decrease in receivables	(400)	130
Decrease / (increase) in other assets	1 819	(3 600)
(Increase) / decrease in financial assets	(173 617)	(187 342)
Decrease / (increase) in income tax asset	1 870	(3 157)
(Increase) / decrease in deferred tax asset	(7 603)	1 916
(Increase) / decrease in deferred tax liability	(15 186)	13 821
Increase / (decrease) in payables	1 035	(168)
Increase / (decrease) in provisions	73	23
Increase / (decrease) in other liabilities	1 047	(197)
Increase / (decrease) in income tax liability	8 469	(7 469)
Net cash flow provided / (used) in operating activities	**35 674**	**(1 699)**

22. Financial instruments

Excluding policyholder assets and liabilities, there are no financial instruments recognised and measured at fair value. The Group has determined that the carrying values of financial instruments carried at amortised cost approximate fair value. These financial instruments are represented by cash and cash equivalents, trade receivables, interest in term deposits and trade payables, which are short term in nature or are floating rate instruments that are re-priced on or near the end of the reporting period.

Financial instruments relating to policyholder balances of assets and liabilities. These are level 1 and level 2 financial instruments carried at fair value through profit and loss in the Generation Life Limited Statutory Benefit Funds.

A. CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties including the Group's bank counterparties.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the Group's maximum exposure to credit risk:

		Consolidated	
	Note	2020 $'000	2019 $'000
Financial assets designated as fair value through profit and loss	9 (b)	1 147 903	946 125
Accrued income	10	26 919	28 873
Trade receivables		1 383	1 523
Cash and cash equivalents		62 095	23 979
Total		**1 238 300**	**1 000 500**

All receivables are denominated in Australian dollars and relate to Australian customers.

Impairment losses

The aging of the Group's trade and other receivables and loan assets at balance sheet date was:

	Consolidated	
	2020 $'000	2019 $'000
Not past due	1 383	1 523
Past due 1 to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 91 days	-	-
Total	**1 383**	**1 523**

In determining the recoverability of receivables, the Group considers any change in the credit quality of the receivable from the date recognised to balance sheet date. There are no past due of impaired receivables as at 30 June 2020 (2019: nil).

B. LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including estimated interest payments, at reporting date:

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Investment Linked $'000
As at 30 June 2020								
Trade and other payables	**1 958**	(1 958)	(1 958)	-	-	-	-	-
Subtotal	**1 958**							
Policyholder liabilities (investment) [(a)]	**1 283 089**	-	-	-	-	-	-	(1 283 089)
Policyholder liabilities (insurance) [(b)]	**7 273**	(7 256)	(275)	(275)	(443)	(1 145)	(5 118)	-
Subtotal	**1 290 362**							
Total	**1 292 320**	**(9214)**	**(2 233)**	**(275)**	**(443)**	**(1 145)**	**(5 118)**	**(1 283 089)**
As at 30 June 2019								
Trade and other payables	**1 264**	(1 264)	(1 264)	-	-	-	-	-
Subtotal	**1 264**							
Policyholder liabilities (investment) [(a)]	**1 063 067**	-	-	-	-	-	-	(1 063 067)
Policyholder liabilities (insurance) [(b)]	**7 445**	(7 404)	(169)	(169)	(319)	(871)	(5 876)	-
Subtotal	**1 070 512**							
Total	**1 071 776**	**(8 668)**	**(1 433)**	**(169)**	**(319)**	**(871)**	**(5 876)**	**(1 063 067)**

(a) For investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The owner has no direct exposure to any risk in those assets. Therefore, the tables in this section show the policyholder liability without any maturity profile analysis. There is low liquidity risk for these Policyholder liabilities as these are considered long term investments by the policyholders and any redemptions by the policyholders are fully supported by the sale of the underlying investments of the benefit funds.

(b) Policyholder liabilities relating to insurance products are mostly due upon death of the policyholder and therefore an estimate of maturity has been made.

C. MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

1. Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and purchases or investments are denominated and the respective functional currencies of the Company. The functional currency of the Company is primarily the AUD with certain investments denominated in US Dollar (USD), Swiss Francs (CHF), Euro (EUR), Great Britain Pound (GBP) and Hong Kong Dollar (HKD).

	USD $'000	CHF $'000	EUR $'000	GBP $'000	HKD $'000
30 June 2020					
Cash and cash equivalents	13 705	15	15	18	10
Financial Assets	55 813	7 046	5 204	5 913	6 157
Total exposure in AUD	**69 517**	**7 061**	**5 220**	**5 931**	**6 167**

There were no foreign currency assets held as at 30 June 2019.

Sensitivity analysis

A 10% change in the exchange rates will have the following effect on the financial statements for the financial year ended 30 June 2020:

Currency	Movement in variable against $	Change in Profit / (loss) $	Change in Equity $
USD	+ 10%	6 952	6 952
	- 10%	(6 952)	(6 952)
CHF	+ 10%	706	706
	- 10%	(706)	(706)
EUR	+ 10%	522	522
	- 10%	(522)	(522)
GBP	+ 10%	593	593
	- 10%	(593)	(593)
HKD	+ 10%	617	617
	- 10%	(617)	(617)
Total	**+ 10%**	**9 390**	**9 390**
	- 10%	**(9 390)**	**(9 390)**

There were no foreign currency assets held as at 30 June 2019.

2. Interest rate risk

The Group is exposed to interest rate risk as entities in the Group invests at both fixed and floating interest rates. At the reporting date the interest rate profile of the Group interest bearing financial instruments was:

	Consolidated	
	2020 $'000	2019 $'000
Fixed rate instruments		
Term deposits	72 084	104 896
	72 084	**104 896**
Variable rate instruments		
Cash and cash equivalents	62 095	23 979
	62 095	**23 979**

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have the following effect on the statement of comprehensive income:

	Consolidated	
	1% Increase $'000	1% Decrease $'000
30 June 2020		
Variable rate instruments	782	(436)
Total	**782**	**(436)**
30 June 2019		
Variable rate instruments	625	(625)
Net asset	**625**	**(625)**

3. Equity price risk

At the reporting date the carrying amount of the Group's assets exposed to equity price risk was:

	Consolidated 2020 $'000	2019 $'000
Financial assets at fair value through profit or loss		
Units in managed funds [1]	1 104 099	906 535
	1 104 099	**906 535**

1. All risk relating to equity prices is borne by policyholders.

A change of 10% in equity prices would have the following effect on the statement of comprehensive income:

	Consolidated 10% Increase $'000	10% Decrease $'000
30 June 2020		
Units in managed funds [1]	110 410	(110 410)
	110 410	**(110 410)**
30 June 2019		
Units in managed funds [1]	90 654	(90 654)
	90 654	**(90 654)**

[1] All risk relating to equity prices is borne by policyholders.

D. FAIR VALUES

Classification and measurement

The Group classifies its financial assets into the following measurement categories: a) financial assets held at fair value through profit or loss, and b) amortised cost. Financial liabilities are classified as either held at fair value through profit or loss, or held at amortised cost.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

There are no financial assets and financial liabilities that are offset in the Group's statement of financial position, or are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Fair value hierarchy - financial instruments at fair value

The table below shows financial instruments carried at fair value, by valuation method. The different levels in the fair value hierarchy have been defined as follows:

Level 1: Fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities. This comprises listed securities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This comprises of units in managed unlisted funds, and Policyholder Liabilities.

Level 3: Fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Trade and other receivables and trade and other payables are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2020				
Listed Securities	115 938	-	-	115 938
Units in externally managed unlisted funds	-	1 031 965	-	1 031 965
Financial assets at fair value through profit or loss	**115 938**	**1 031 965**	**-**	**1 147 903**
Policyholder Liabilities	-	(1 290 362)	-	(1 290 362)
Financial liabilities at a fair value through profit or loss	**-**	**(1 290 362)**	**-**	**(1 290 362)**
30 June 2019				
Listed Securities	231	-	-	231
Units in externally managed unlisted funds	-	945 894	-	945 894
Financial assets at fair value through profit or loss	**231**	**945 894**	**-**	**946 125**
Policyholder Liabilities	-	(1 070 512)	-	(1 070 512)
Financial liabilities at a fair value through profit or loss	**-**	**(1 070 512)**	**-**	**(1 070 512)**

23. Actuarial assumptions and methods - Life Insurance contracts

Ms Caroline Bennet, the Appointed Actuary, has reviewed and satisfied herself as to the accuracy of the data from which the amounts of the policyholder liabilities have been determined and that the amount of such liabilities is consistent with the relevant actuarial standards and legislation in Australia. Further, she has considered the requirements of LPS700 Paragraph 11 in relation to the proposed distribution of surplus and provided advice to the Board that the proposed bonus declaration has considered the relevant requirements.

EFFECTS OF CHANGES IN ASSUMPTIONS

	2020 $'000	2019 $'000
Assumption category:		
(a) discount rate	-	-
(b) future bonus rate	-	-
(c) mortality rates	-	-
(d) discontinuance rates	-	-
(e) maintenance expenses	-	-
Total effect on profit and retained earnings	-	-
Reconciliation of changes in life insurance liabilities		
Life insurance liability at the beginning of the year	7 445	7 578
Actuarial Revaluation	(172)	(150)
Payment of terminal bonus	-	-
Allocation of bonus	-	17
Life insurance liability at the end of the year	**7 273**	**7 445**

Please refer to Note 26 for further details of the policy liabilities of the 2 insurance funds.

ALLOCATION OF PROFITS/LOSSES

A Life Insurance contract profit of $nil (2019: $nil) and the allocation of bonus of $nil (2019: $16,739) has been provided for in the provision of final bonus to policyholders.

INSURANCE RISKS

Whilst Assurance Fund and Oddfellows are classified as insurance funds, these funds no longer carry any mortality insurance risk. The appointed actuary has calculated the best estimate liability arising from these contracts. The Company maintains sufficient assets to meet these liabilities. The key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and future mortality, resignations and retirements. As at year end, these assumptions were as below.

	Oddfellows Fund		Assurance Fund	
	2020	2019	2020	2019
Discount rate	1.25%	2.01%	1.00%	0.00%
Mortality	Australian Life Tables 2010-2012 less 40%	Australian Life Tables 2010-2012 less 40%	n/a	n/a
Future maintenance and investment management expense	2.00%	2.01%	1.00%	2.00%
Taxation rates	0%	0%	30%	30%
Rates of discontinuance	0%	0%	0%	0%
Surrender values	n/a	n/a	Not provided for in rules	Not provided for in rules
Rates of future supportable participating benefits	Terminal bonus at $164.00 per member	Terminal bonus at $164.00 per member Bonus on sum assured at 0.01% p.a. compound	Terminal bonus at $425.00 per member	Terminal bonus at $425.00 per member
Crediting policy adopted in determining future supportable participating benefits	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus	Allocation of surplus above statutory requirements as non-guaranteed terminal bonus

Note: Assurance Fund and Oddfellows Fund are now effectively contribution accumulation funds.

24. Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2020 the parent company of the Group was Generation Development Group Limited.

	2020 $'000	2019 $'000
Results of the Parent Entity		
Profit / (Loss) for the period	1 036	3 726
Total comprehensive income for the period	**1 036**	**3 726**
Financial Position of the Parent Entity at Year End		
Current assets	2 704	4 598
Total assets[1]	**55 763**	**57 194**
Current liabilities	(751)	(1 003)
Total liabilities	**(878)**	**(1 183)**
Net assets	**54 885**	**56 011**
Total equity of the parent entity comprising of:		
Share capital	45 208	44 998
Financial asset reserve	34 925	34 925
Share based payment	2 862	2 774
Accumulated losses	(28 110)	(26 686)
Total equity	**54 885**	**56 011**

1. Total assets include the value of investments in subsidiaries which are classified as available-for-sale financial assets.

PARENT ENTITY CONTINGENCIES

Other than the contingent liabilities disclosed in note 18 to the financial statements, the parent entity does not have any contingencies at 30 June 2020 (2019: $nil).

PARENT ENTITY CAPITAL COMMITMENTS FOR ACQUISITION OF PROPERTY PLANT AND EQUIPMENT

The parent entity does not have any capital commitments to acquire property plant and equipment at 30 June 2020 (2019: $nil).

PARENT ENTITY GUARANTEES IN RESPECT OF ITS SUBSIDIARIES

The Company has issued letters of support in respect of certain of its subsidiaries in the normal course of business. Under these letters, the Company undertakes to ensure that those subsidiaries continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

25. Subsequent Events

The company declared a final 2020 dividend of $0.01 per ordinary share on 26 August 2020 to be paid on 1 October 2020 The company's Dividend Reinvestment Plan (DRP) has been activated for this dividend.

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 Events after the reporting date, the Group considered whether events after the reporting period confirmed conditions existing before the reporting date. Consideration was given to the macro-economic impact of lockdowns implemented across Victoria, the closure of state borders and the extension of further government support measure. The group did not identify any subsequent events precipitated by COVID-19 related developments which would require adjustment to the amounts or disclosures in the financial statements. Further, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. Given the fluid nature of the current situation, the Group will continue to regularly review forward looking assumptions and forecast economic scenarios.

Apart from the above, the Board is not aware of any matter or circumstance arising since 30 June 2020 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.

26. Disaggregated information by fund

The financial information by individual benefit funds are set out below. The solvency requirements are all nil as a result of the APRA Prudential Capital Requirements and Prudential Standard LPS 110 Paragraph 46.

	Assurance Fund $	Oddfellows Fund $	Total Life Insurance $	Funeral Fund $	Heritage Investment Bond Fund $	Investment Bond $	Cash Achiever $	Deferred Annuity 39 $	Deferred Annuity 46 $
					Non-Investment Linked ("N-IL")				
2020									
Financial assets	96,348	7,167,333	**7,263,681**	679,768	3,379,391	1,087,754	577,798	683,943	125,317
Other assets	575	29,962	**30,537**	3,463	15,092	3,168	1,100	3,109	765
Policy liabilities	94,964	7,178,491	**7,273,455**	679,907	3,381,925	1,086,458	576,437	682,912	123,020
Other liabilities	1,959	18,804	**20,763**	3,324	12,559	4,464	2,462	4,139	3,062
Retained earnings	-	-	**-**	-	-	-	-	-	-
Issued capital	-	-	**-**	-	-	-	-	-	-
Premium revenue	418	1,405	**1,823**	-	-	-	-	-	-
Investment income	897	117,985	**118,882**	11,184	51,616	16,962	7,961	12,767	2,404
Claims expense	34,175	106,448	**140,623**	-	-	-	-	-	-
Other expenses	2,090	149,231	**151,321**	14,879	25,125	9,349	2,935	15,787	3,920
Realised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Unrealised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Actuarial gain/(loss)	34,932	136,289	**171,221**	-	-	-	-	-	-
Operating profit/(loss) before tax	(17)	-	**(17)**	(3,695)	26,491	7,612	5,026	(484)	(1,258)
Operating profit/(loss) after tax	-	-	**-**	(3,695)	11,370	2,887	2,638	(411)	(1,069)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2019									
Financial assets	129,654	7,294,973	**7,424,627**	747,205	3,421,737	1,231,983	611,285	936,448	150,906
Other assets	1,381	34,917	**36,298**	2,183	16,455	2,341	3,595	5,487	743
Policy liabilities	129,896	7,314,780	**7,444,676**	747,121	3,421,543	1,228,591	612,340	939,456	150,076
Other liabilities	1,139	15,109	**16,248**	2,267	16,649	5,733	2,540	2,480	1,573
Retained earnings	-	-	**-**	-	-	-	-	-	-
Issued capital	-	-	**-**	-	-	-	-	-	-
Premium revenue	722	620	**1,342**	-	-	-	-	-	-
Investment income	3,007	179,442	**182,449**	18,181	88,872	31,888	12,537	24,921	2,272
Claims expense	40,455	125,195	**165,650**	-	-	-	-	-	-
Other expenses	2,668	148,387	**151,055**	15,748	27,311	10,558	2,881	16,850	2,912
Realised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Unrealised gain/(loss)	-	-	**-**	-	-	-	-	-	-
Actuarial gain/(loss)	39,990	93,522	**133,512**	-	-	-	-	-	-
Operating profit/(loss) before tax	595	1	**596**	2,432	61,562	21,330	9,656	9,465	(640)
Operating profit/(loss) after tax	-	1	**1**	2,432	35,131	11,993	5,895	8,044	(544)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

	Druids Funeral Fund $	Druids Flexi Fund $	No. 1 Cash & Deposits $	No. 2 Aust Fixed Interest $	No. 3 Aust Credit $	No. 4 Int'l Fixed Interest $	No. 5 Prop. Securities $	No. 5A Int'l Prop. Securities $	No. 5B Global Infrastructure $
	N-IL		Investment Linked						
2020									
Financial assets	4,837,358	4,376,781	43,913,912	26,873,307	8,611,628	33,130,275	9,048,863	8,788,117	30,448,498
Other assets	20,683	14,127	32,988	642,818	172,470	1,007,751	857,851	214,530	1,051,030
Policy liabilities	4,876,842	4,375,650	43,916,570	27,334,239	8,743,588	33,877,425	9,900,019	8,996,682	31,297,182
Other liabilities	(18,800)	15,258	30,330	181,886	40,510	260,601	6,695	5,965	202,346
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	84,980	71,463	351,835	774,669	304,881	1,143,690	574,135	231,021	1,180,885
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	49,835	44,810	171,337	242,685	88,751	295,318	96,247	85,325	273,833
Realised gain/(loss)	-	-	-	(118,348)	(35,181)	(125,736)	(343,035)	(36,001)	(100,290)
Unrealised gain/(loss)	-	-	-	57,956	55,911	41,262	(2,280,190)	(1,501,804)	(3,937,691)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	35,145	26,653	214,061	477,066	239,742	772,431	(2,141,739)	(1,390,672)	(3,120,034)
Operating profit/(loss) after tax	35,145	5,214	108,510	262,783	142,059	454,745	(1,497,973)	(967,108)	(2,262,905)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2019									
Financial assets	5,078,776	4,548,008	39,683,511	22,721,188	9,589,232	26,553,476	8,128,951	8,135,206	25,236,538
Other assets	30,101	23,039	167,063	1,516,637	175,731	1,341,955	450,923	8,848	395,436
Policy liabilities	5,102,530	4,551,235	39,779,419	23,740,978	9,707,235	27,029,544	8,213,754	7,826,395	24,613,187
Other liabilities	6,347	19,813	71,154	496,847	57,728	865,887	366,121	317,659	1,018,787
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	129,352	113,144	713,919	2,013,363	394,832	1,662,872	649,725	42,039	642,072
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	77,566	47,292	146,635	206,759	86,942	232,568	71,422	68,911	196,891
Realised gain/(loss)	-	-	-	27,661	(46,511)	(32,442)	901,628	124,437	61,359
Unrealised gain/(loss)	-	-	-	(109,945)	326,787	(55,716)	(402,289)	574,048	2,652,019
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	51,786	65,852	587,522	1,729,846	589,375	1,349,306	1,082,203	673,658	3,167,432
Operating profit/(loss) after tax	51,786	31,909	373,346	1,150,522	386,842	877,051	766,198	465,379	2,160,797
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

	No. 6 Aust Shares $	No. 6A Aust Shares Long Short $	No. 7 Aust Shares Small Cap. $	No. 8 Int'l Shares $	No. 8A ^ Int'l Shares Growth	No. 9 Int'l Shares Small Cap. $	No. 10 Diversified Growth $	No. 10A Absolute Return Income	No. 10B Diversified Balanced
	Investment Linked								
2020									
Financial assets	41,047,524	1,415,662	16,672,124	92,391,894	5,206,109	10,663,143	24,332,020	8,903,148	2,521,465
Other assets	4,068,600	156,613	740,031	71,798	439,963	129,492	1,496,754	73,636	79,021
Policy liabilities	44,927,962	1,551,854	17,398,183	86,874,181	5,557,942	10,785,570	25,503,900	8,953,659	2,597,372
Other liabilities	188,162	20,420	13,972	5,589,512	88,130	7,065	324,874	23,126	3,113
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	2,951,275	134,588	646,460	60,225	342,180	123,095	1,354,909	143,964	78,081
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	433,872	10,110	161,629	909,171	38,024	102,127	255,855	69,776	25,655
Realised gain/(loss)	(205,931)	(42,897)	(159,335)	17,946,564	(33,707)	(127,375)	(76,031)	(4,034)	14,387
Unrealised gain/(loss)	(8,477,354)	5,071	(3,308,000)	(10,979,366)	(363,459)	(850,283)	(2,224,215)	(117,967)	(67,092)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(6,152,316)	87,138	(2,977,145)	5,883,082	(89,810)	(955,592)	(1,192,959)	(41,018)	8,175
Operating profit/(loss) after tax	(4,028,663)	66,202	(2,577,351)	3,859,266	(65,278)	(683,246)	(830,586)	(47,607)	5,986
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2019									
Financial assets	43,255,713	901,013	16,360,361	71,191,981	1,271,710	11,151,378	27,354,945	5,163,734	1,510,406
Other assets	2,591,675	45,390	1,023,363	3,478,895	38,592	137,310	1,519,339	23,909	26,661
Policy liabilities	45,050,739	945,875	17,241,211	70,302,641	1,287,590	11,041,257	28,618,701	5,171,047	1,535,134
Other liabilities	796,649	528	142,513	4,368,236	22,712	247,431	255,583	16,596	1,933
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,382,495	39,516	1,123,988	3,479,779	38,598	179,576	1,603,787	99,557	96
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	383,346	8,804	147,602	582,913	6,968	97,533	251,939	39,745	16,060
Realised gain/(loss)	(843,936)	(87,923)	(1,337,878)	640,522	1,244	66,338	(1,609,821)	(1,130)	(49,041)
Unrealised gain/(loss)	1,022,495	(30,311)	(39,477)	7,260,045	37,480	(134,244)	1,577,047	26,520	(6,957)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	3,188,065	(87,083)	(393,934)	10,824,585	74,726	16,773	1,326,991	93,779	(68,687)
Operating profit/(loss) after tax	2,550,419	(60,607)	(135,596)	7,501,774	52,810	149	970,575	56,296	(51,916)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

^ As at 30 June 2020, the Management Fund held an investment in this fund, which was fully redeemed in August 2020.

	No. 11 Aust Shares Index $	No. 11A Int'l Shares Index (Unhedged) $	No. 12 Int'l Shares Index (Hedged) $	No. 12A Aust Fixed Interest Index $	No. 12B Prop. Sec Index $	No. 12C Diversified Conservative Index $	No. 12D Diversified Growth Index $	No. 13 Credit Securities $	No. 14 Aust Large Companies Shares $
	Investment Linked								
2020									
Financial assets	81,338,916	29,545,046	36,690,190	30,431,267	23,348,466	75,027,259	113,840,314	9,402,383	1,938,461
Other assets	1,862,910	1,970,237	16,611	774,855	1,308,919	1,128,446	3,800,107	70,194	72,107
Policy liabilities	82,941,033	30,634,131	35,282,893	30,538,361	24,637,302	75,108,269	116,259,344	9,431,651	2,009,146
Other liabilities	260,792	881,152	1,423,908	667,761	20,082	1,047,436	1,381,077	40,927	1,422
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,332,115	1,970,329	28,842	1,266,336	1,049,806	1,723,534	5,367,407	291,032	64,296
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	787,534	263,573	302,286	303,307	266,297	457,201	649,053	82,238	20,223
Realised gain/(loss)	(298,875)	(29,129)	(54,307)	(10,477)	(607,361)	(296,827)	(19,591)	(50,510)	(7,473)
Unrealised gain/(loss)	(9,135,817)	(704,200)	534,979	(39,733)	(6,386,352)	20,917	(4,894,144)	(71,123)	(353,017)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(6,874,347)	978,485	211,032	916,466	(6,203,922)	1,018,243	(155,785)	91,939	(316,390)
Operating profit/(loss) after tax	(4,327,851)	671,622	58,178	557,555	(4,392,734)	669,913	(145,851)	41,736	(206,816)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2019									
Financial assets	72,040,900	20,276,446	31,062,648	28,041,487	26,998,088	47,923,312	70,864,767	8,024,932	2,312,102
Other assets	3,283,542	1,116,215	1,386,378	296,485	473,136	163,080	964,572	44,977	81,781
Policy liabilities	72,725,895	20,827,206	31,190,461	27,819,249	26,324,252	47,281,114	70,504,413	8,042,476	2,339,371
Other liabilities	2,598,547	565,455	1,258,565	518,722	1,146,972	805,278	1,324,925	27,432	54,512
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	3,702,202	974,507	31,322	793,235	1,079,314	557,454	1,919,568	258,810	98,887
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	622,180	162,415	278,753	249,053	233,033	280,869	397,085	71,647	20,591
Realised gain/(loss)	(6,075,979)	(1,303,842)	(4,636,834)	9,358	(210,733)	(64,380)	47,531	(97,254)	41,403
Unrealised gain/(loss)	9,673,489	2,282,520	6,507,854	1,545,432	3,376,442	2,711,728	3,640,584	177,201	45,226
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	6,695,247	1,800,599	1,628,538	2,104,192	4,016,648	2,962,973	5,269,087	269,308	165,241
Operating profit/(loss) after tax	5,293,332	1,258,126	1,057,836	1,404,549	2,765,138	2,065,280	3,798,635	169,274	141,032
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

	No. 14A Term Deposits $	No. 14B Short Term Fixed Interest $	No. 15 Aust Shares $	No. 16 Geared Aust Shares $	No. 17 Int'l Shares $	No. 18 Mortgage * $	No. 19 Diversified Growth $	No. 20 Industrial Shares $	No. 21 Aust Shares ESG $
	Investment Linked								
2020									
Financial assets	78,018,499	9,078,693	20,545,705	11,491,890	9,605,376	-	33,973,430	15,446,912	15,733,169
Other assets	335,883	50,168	1,173,337	1,541,480	75,419	-	3,363,345	384,850	637,039
Policy liabilities	78,096,596	9,114,241	21,713,861	13,024,193	9,106,665	-	36,805,746	15,226,366	16,358,953
Other liabilities	257,785	14,620	5,181	9,177	574,130	-	531,028	605,396	11,255
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	1,285,224	156,256	411,373	1,275,100	77,645	-	2,425,797	344,076	567,623
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	563,958	47,346	335,071	134,662	98,059	-	350,790	248,078	153,020
Realised gain/(loss)	-	(18,887)	(81,276)	(1,250,972)	71,908	-	(223,504)	(865,100)	(457,184)
Unrealised gain/(loss)	-	(42,338)	(2,594,879)	(6,176,828)	(584,203)	-	(3,171,649)	(1,185,093)	(1,506,575)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	730,099	51,902	(2,607,226)	(6,284,894)	(532,056)	-	(1,318,856)	(1,950,155)	(1,545,226)
Operating profit/(loss) after tax	344,532	23,393	(1,846,038)	(4,877,116)	(389,187)	-	(871,566)	(1,340,123)	(954,942)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-
2019									
Financial assets	88,174,856	9,402,542	24,460,087	13,589,633	11,997,725	-	36,193,041	16,231,611	17,036,592
Other assets	728,843	86,499	1,390,999	2,149,267	289,523	-	3,043,627	1,162,267	933,441
Policy liabilities	88,448,781	9,469,211	25,468,101	15,260,931	11,407,772	-	39,027,352	17,110,926	17,704,265
Other liabilities	454,919	19,830	382,985	477,968	879,476	-	209,316	282,951	265,768
Retained earnings	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-
Investment income	2,437,486	352,955	1,468,171	2,043,860	289,630	-	3,308,195	729,574	682,407
Claims expense	-	-	-	-	-	-	-	-	-
Other expenses	643,226	62,068	227,513	120,635	108,721	-	351,676	148,161	155,214
Realised gain/(loss)	-	53,393	(1,070,720)	(2,233,129)	959,837	-	(1,853,496)	(2,543,987)	(2,056,713)
Unrealised gain/(loss)	-	(41,860)	979,409	1,477,122	(165,756)	-	1,343,808	2,496,562	1,204,944
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	1,813,787	304,583	1,155,097	1,169,650	976,737	-	2,465,395	537,004	(323,800)
Operating profit/(loss) after tax	1,082,542	195,236	1,192,691	1,369,632	671,720	-	1,889,962	570,990	(46,036)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-

* This is a dormant fund.

	No 22. Diversified Growth $	No 23. Aust Income $	No 24. Diversified Growth $	No 25. Mortgages $	No 26. Diversified Conservative $	No 27. Growth $	No 30. Diversified High Growth Index $	No.31 Diversified Balanced Index $	No. 32 ^ Diversified Conservative $	No. 33 ^ Diversified Balanced $
	Linked									
2020										
Financial assets	68,071,182	6,730,492	100,435,768	2,633,755	5,509,302	-	36,166,076	35,658,215	1,183,854	3,832,869
Other assets	2,597,063	802,704	1,609,086	23,436	221,521	3,884	1,458,224	1,134,627	75,728	183,434
Policy liabilities	69,716,064	7,525,226	100,026,047	2,646,118	5,679,840	-	37,301,365	36,533,761	1,257,774	3,987,175
Other liabilities	952,181	7,970	2,018,808	11,072	50,983	3,884	322,935	259,081	1,808	29,127
Retained earnings	-	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-	-
Investment income	3,152,643	313,029	2,726,652	113,504	214,421	27,842	1,395,173	1,177,074	42,817	139,697
Claims expense	-	-	-	-	-	-	-	-	-	-
Other expenses	669,113	80,420	668,301	29,444	48,360	4,700	177,814	186,534	12,797	28,941
Realised gain/(loss)	(253,371)	(1,943,875)	(185,240)	-	(12,166)	(20,664)	(3,750)	(149,037)	(99,198)	(9,439)
Unrealised gain/(loss)	(4,949,811)	(106,792)	(5,556,048)	-	(196,271)	-	(2,069,868)	(1,164,823)	(80,082)	(221,616)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	(2,710,778)	(1,816,882)	(3,678,956)	85,042	(38,872)	2,478	(823,286)	(272,937)	(147,356)	(116,975)
Operating profit/(loss) after tax	(1,888,719)	(1,212,406)	(2,485,721)	50,991	(31,053)	1,496	(534,782)	(184,815)	(103,555)	(82,043)
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-	-
2019										
Financial assets	70,992,628	8,213,983	91,116,087	3,282,072	4,366,216	516,892	6,101,987	4,203,249	119,303	1,136,769
Other assets	1,052,919	709,178	2,604,874	32,661	141,205	-	121,877	36,320	2,829	37,512
Policy liabilities	70,137,392	8,917,036	89,794,490	3,301,091	4,451,666	514,192	6,115,132	4,190,549	120,795	1,164,319
Other liabilities	1,908,154	6,125	3,926,472	13,642	55,755	2,700	108,732	49,020	1,336	9,961
Retained earnings	-	-	-	-	-	-	-	-	-	-
Issued capital	-	-	-	-	-	-	-	-	-	-
Premium revenue	-	-	-	-	-	-	-	-	-	-
Investment income	1,816,547	781,914	3,425,561	145,817	181,564	4	155,135	45,520	3,582	39,715
Claims expense	-	-	-	-	-	-	-	-	-	-
Other expenses	621,685	74,597	535,534	36,519	28,557	1,213	16,492	13,325	1,060	3,887
Realised gain/(loss)	577,695	(148,432)	356,351	-	(36,927)	-	4,470	12,002	33	970
Unrealised gain/(loss)	2,212,992	92,157	2,421,207	-	98,323	7,718	241,424	116,250	1,843	(4,589)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) before tax	3,997,770	651,792	5,679,499	110,236	216,131	7,008	390,646	167,625	4,898	33,357
Operating profit/(loss) after tax	3,079,069	561,096	4,114,088	66,491	155,324	4,691	281,608	119,372	3,445	24,571
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	-	-
Solvency reserve ratio	-	-	-	-	-	-	-	-	-	-

^ As at 30 June 2020, the Management Fund held an investment in this fund, which was fully redeemed in August 2020.

	No. 34 ^ Diversified High Growth $	No. 35 ^ Tax Effective Equity $	No. 36 ^ Int. Shares Emerging Mkts $	No. 38 Aust Shares Concentrated $	No. 39 ^ Aust Shares Sustainability $	No. 40 ^ Diversified Balanced $	No. 41 ^ Diversified ESG Balanced $	Total Life Investment $	M'gmt Fund $
2020									
Financial assets	2,014,475	4,911,404	2,091,045	8,623,683	1,864,218	6,043,137	1,728,048	**1,262,669,298**	6,174,465
Other assets	189,018	78,373	28,095	334,157	63,569	154,894	80,368	**38,900,941**	18,915,993
Policy liabilities	2,170,501	4,895,468	2,117,448	8,903,137	1,926,286	6,185,902	1,796,692	**1,283,089,055**	-
Other liabilities	32,992	94,308	1,692	54,703	1,500	12,129	11,724	**18,481,180**	3,101,222
Retained earnings	-	-	-	-	-	-	-	**-**	12,490,193
Issued capital	-	-	-	-	-	-	-	**-**	9,149,992
Premium revenue	-	-	-	-	-	-	-	**-**	-
Investment income	135,620	64,841	24,835	328,185	42,052	141,071	63,920	**42,395,397**	-
Claims expense	-	-	-	-	-	-	-	**-**	-
Other expenses	14,002	30,927	12,716	48,064	7,328	36,000	13,277	**10,557,789**	12,676,719
Realised gain/(loss)	-	(238,599)	(21,346)	(16,658)	(19,143)	(2,012)	-	**9,378,987**	-
Unrealised gain/(loss)	(180,674)	215,755	(11,395)	(153,450)	(96,167)	(274,232)	(97,277)	**(85,180,027)**	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	**-**	-
Operating profit/(loss) before tax	(57,928)	16,848	(20,099)	115,196	(79,743)	(170,406)	(45,550)	**(43,834,995)**	(1,760,531)
Operating profit/(loss) after tax	(35,192)	17,515	(13,466)	101,387	(46,408)	(117,523)	(29,512)	**(31,456,167)**	2,881,548
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	3,700
Solvency reserve ratio	-	-	-	-	-	-	-	-	178%
2019									
Financial assets	51,978	260,499	538,779	1,094,715	277,729	1,381,208	912,546	**1,054,133,100**	3,080,882
Other assets	3,346	1,100	3,949	14,653	9,063	41,911	16,759	**35,450,459**	15,127,458
Policy liabilities	53,411	258,531	537,828	1,099,742	281,971	1,395,957	923,963	**1,063,067,440**	-
Other liabilities	1,912	3,068	4,900	9,626	4,821	27,162	5,342	**26,516,115**	1,277,303
Retained earnings	-	-	-	-	-	-	-	**-**	9,608,645
Issued capital	-	-	-	-	-	-	-	**-**	7,149,985
Premium revenue	-	-	-	-	-	-	-	**-**	-
Investment income	3,346	1,068	3,959	15,431	11,483	49,168	15,965	**43,910,737**	-
Claims expense	-	-	-	-	-	-	-	**-**	-
Other expenses	656	365	1,624	6,071	987	5,957	3,289	**8,230,814**	10,351,285
Realised gain/(loss)	109	(767)	160	2,372	103	2,997	76	**(22,449,826)**	-
Unrealised gain/(loss)	2,663	8,296	11,207	23,837	13,448	48,994	(2,957)	**55,245,020**	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	**-**	-
Operating profit/(loss) before tax	5,863	8,301	14,474	39,397	24,298	97,625	12,174	**68,847,380**	(1,429,334)
Operating profit/(loss) after tax	4,380	5,813	10,406	32,208	19,184	69,847	10,334	**50,652,551**	1,921,093
Solvency requirement ($'000)	-	-	-	-	-	-	-	-	3,919
Solvency reserve ratio	-	-	-	-	-	-	-	-	133%

^ As at 30 June 2020, the Management Fund held an investment in this fund, which was fully redeemed in August 2020.

Additional Securities Exchange Information

As at 20 August 2020 (Unaudited)

NUMBER OF HOLDERS OF EQUITY SECURITIES

Fully paid ordinary share capital

125,820,779 fully paid ordinary shares are held by 619 shareholders

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

Performance Rights (unquoted)

5,031,651 performance rights (issued under the Company's FY19 and FY20 Performance Rights Plan) are held by 8 eligible participants

Performance rights do not carry the right to vote or to receive dividends

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Number of shares held	Holders of fully paid ordinary shares	Holders of performance rights
1 - 1 000	45 (0.02%)	0
1 001 - 5 000	167 (0.40%)	0
5 001 - 10 000	94 (0.58%)	0
10 001 - 100 000	217 (6.30%)	2 (2.16%)
100 001 and over	96 (92.70%)	6 (97.84%)
Total	**619**	**8**
Holdings less than a marketable parcel	**35**	**n/a**

SECURITIES SUBJECT TO VOLUNTARY ESCROW

Nil.

ON MARKET BUY BACK

There is no current on-market buy-back.

SUBSTANTIAL SHAREHOLDERS

	Fully paid ordinary shares
Onever Pty Ltd	12 671 099
Mr John David Wheeler	10 510 000
Ellerston Capital Limited	10 311 422
Wilson Asset Management Group	10 218 537
Mrs Patricia Mary Tooth	8 983 545
Mr Robert Coombe	7 600 000

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Ordinary shareholders	Number	Fully paid percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26 456 437	21.03%
ELLERSTON CAPITAL LIMITED <ELLERSTON ESOP A/C>	8 734 500	6.94%
MRS PATRICIA MARY TOOTH	7 106 072	5.65%
ONEVER PTY LTD <THE BESSMER PROPERTY A/C>	6 639 100	5.28%
MR JOHN DAVID WHEELER AND MR GLEN ROBERT WHEELER <WHEELSUP S/F A/C>	6 500 000	5.17%
CANDOORA NO 31 PTY LTD <BESSEMER SUPER FUND A/C>	5 425 717	4.31%
MR ROBERT COOMBE	4 800 000	3.82%
MR FRANK GERARD ZULLO	4 000 000	3.18%
NATIONAL NOMINEES LIMITED	3 010 312	2.40%
MR DON LAZZARO AND MRS ANN LAZZARO <SUPER FUND A/C>	2 500 000	1.99%
MRS SUSAN HADDEN & MRS ABBY FALLA <HADDUPSUPER FUND A/C>	2 000 000	1.59%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1 939 491	1.54%
TDA SECURITIES PTY LTD <TDA SECURITIES A/C>	1 880 000	1.49%
GUERILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	1 868 055	1.49%
MVH PTY LTD <HANMAN SUPERANNUATION A/C>	1 685 158	1.34%
MR GOH GEOK KHIM	1 300 000	1.03%
BELABULA CONSOLIDATED PTY LTD <BELABULA A/C>	1 252 200	1.00%
MR PAUL MASI	1 169 799	0.93%
J P MORGAN NOMINEES AUSTRALIA	1 131 964	0.90%
MR ROSS JAMES HIGGINS AND MRS BELINDA RAE HIGGINS <R & B HIGGINS SUPER FUND A/C>	1 100 000	0.87%
BELHAVEN INC	1 100 000	0.87%
	91 598 805	**72.80%**

Corporate information

COMPANY DIRECTORS

Mr Rob Coombe
Non-Executive Chairman

Mr William Eric Bessemer
Non-Executive Director

Mr Jonathan James Tooth
Non-Executive Director

Mr John David Wheeler
Non-Executive Director

APPOINTED ACTUARY FOR GENERATION LIFE LIMITED

Deloitte Consulting Pty Ltd
477 Collins Street
Melbourne VIC 3000

COMPANY SECRETARY

Amanda Gawne

Registered Office
Level 12, 15 William Street
Melbourne VIC 3000

Telephone: +61 3 8601 2000
Facsimile: +61 3 9200 2270

SHARE REGISTER BOARDROOM PTY LIMITED

Level 12, 225 George Street
Sydney NSW 2000

BANKER

National Australia Bank
330 Collins Street
Melbourne VIC 3000

AUDITOR

KPMG
Tower Two
Collins Square
727 Collins Street
Melbourne VIC 3008

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