Appendix 4E
Annual Financial Report
IOOF HOLDINGS LTD

ABN 49 100 103 722

1. Reporting Period 30 June 2014

Previous reporting period 30 June 2013

2. Results for announcement to market

	$'000	% change from previous corresponding period
Revenue from Shareholder activities (1)	740,214	up 8%
Life statutory revenue	77,101	down 9%
Profit from ordinary activities after tax attributable to owners of the Company	101,285	up 27%
Underlying Net Profit After Tax (UNPAT) pre-amortisation (2)	123,047	up 13%

		Amount per share (cents)	Franked amount per share (cents)
Final dividend for the year ended 30 June 2013			
Paid:	16 October 2013	22.5	22.5
Interim dividend for the year ended 30 June 2014			
Paid:	9 April 2014	22.5	22.5
Final dividend for the year ended 30 June 2014			
Record date:	24 September 2014		
To be paid:	15 October 2014	25.0	25.0

(1) *Revenue from Shareholder activities excludes those revenues attributable to the activities of the consolidated benefit funds of IOOF Ltd.*

(2) *UNPAT pre-amortisation excludes the impact of amortisation of intangible assets, income tax benefit from acquisition accounting, deferred tax recognition and unwind on intangible assets, Equity Trustees Ltd acquisition and divestment, onerous contract expense (comparative period only), impairment (comparative period only), restructuring costs and reinstates Perennial non-controlling interests.*

IOOF Holdings Ltd - Appendix 4E for the year ended 30 June 2014

	2014 $'000	2013 $'000
Profit attributable to Owners of the Company	**101,285**	**79,769**
Underlying net profit after tax (UNPAT) pre-amortisation adjustments:		
Reverse the impact of:		
Amortisation of intangible assets	24,270	23,604
Impairment	-	4,578
Acquisition transition costs	1,789	838
Termination and retention incentive payments	4,880	6,534
Recognition of Plan B onerous lease contracts	-	2,962
Equity Trustees Ltd acquisition and divestment (inc dividends)	(1,015)	-
Unwind of deferred tax liability recorded on intangible assets	(5,514)	(5,435)
Reinstatement of Perennial non-controlling interests	(1,040)	(993)
Income tax attributable	(1,608)	(3,101)
UNPAT pre-amortisation	**123,047**	**108,756**

The IOOF Group services the needs of financial advisers and their clients through appropriately licensed and regulated entities. The pool of investable funds emanates predominantly from superannuation which has been supported by Australia's mandatory contributions regime since the early 1990s. Competition for service offerings to superannuants and investors (fund members) in the Australian market place is currently drawn from five main fund types with the following differentiating features:

Retail - privately operated trusts and other schemes. The majority of funds are channelled to administration services and investment management products through financial advisers. However, technological development is enabling an increasing range of offerings direct to fund members.
Industry Funds - superannuation entities which historically have provided for employees working in the same union, industry or group of related industries. Many industry funds now offer membership to members of the public. Industry funds generally administer these funds, but may outsource the management of investments.
Self Managed - the fund member acts as trustee for his or her pool of funds, which can include funds from a limited number of other family members and associates. These funds are predominantly utilised where the trustee perceives they have the requisite time and expertise to manage their own investment strategy and a sufficient scale of funds to make the fixed administration costs economically justifiable.
Corporate - funds established for the benefit of employees of a particular entity or a group of related entities, with joint member and employer control.
Public Sector - funds which provide benefits largely for government employees or employees of statutory authorities, or are schemes established by a Commonwealth, State or Territory law.

Self Managed Funds are regulated by the Australian Taxation Office (ATO) whereas all others above are regulated by the Australian Prudential Regulatory Authority (APRA).
The IOOF Group operates Retail funds. The Australian superannuation funds pool at June 2013 was approximately $1.62 trillion with retail providers possessing a market share of approximately 26%. Our market share of that sub-set, as represented by our platform administration segment's Funds Under Administration, was around 6%. There is a high degree of competition between the five fund types and fragmentation and competition among the participants within each fund type.
The IOOF Group operates in the Wealth Management sector. The sector has a substantial and growing pool of funds underpinned by government compulsion and both major political parties have policy positions to lift mandatory contribution rates. The attraction of the sector is further enhanced by high regulatory and technological barriers to entry from new competitors. As an incumbent participant, we seek to grow our Funds Under Management, Administration, Advice and Supervision (FUMAS) at a rate which exceeds those of our competitors. In doing so, the portion of our revenue net of direct costs (gross margin) which is levied on asset balances may reasonably be expected to rise proportionately with FUMAS. This proportionate rise may be affected by the impact of differentiated product pricing and competitive pressure on management fee rates. In conjunction, we seek to leverage a cost base which is largely fixed relative to the scale of our FUMAS.

The IOOF Group's future FUMAS growth will be underpinned by organic and acquisition initiatives. Organic growth will be advanced through:
● increasing brand and product awareness to increase revenue;
● enhancing the adviser and fund member experience through continued technology development and experienced knowledgeable support staff;
● establishing skilled teams and robust analytical processes to enhance the prospect of achieving above benchmark performance in investment management; and
● continuous improvement in process efficiency to minimise operating costs.

IOOF also has a long-term strategy of pursuing growth through acquisitions and has completed several acquisitions in previous years. IOOF will continue to pursue acquisitions within the Wealth Management sector on an opportunistic basis. However acquisitions will only be considered where they present a logical strategic fit with existing operations and are priced reasonably for the expected value accretion to shareholders. The funding of acquisitions will be considered on a case by case basis taking into account the relative cost of available funding sources and the impact on balance sheet structure overall.

On 6 August 2014, SFG Australia Ltd ("SFGA") joined the IOOF Group via a scheme of arrangement. The scheme received shareholder approval after balance sheet date and is therefore not included in the result or financial position of the IOOF Group to 30 June 2014. SFGA was an ASX-listed financial advice and end-to-end wealth management firm. SFGA provides a full range of wealth management services to high net worth and affluent clients, including strategic financial advice, portfolio administration, portfolio construction and management services, insurance solutions, and stockbroking. The company also provides corporate superannuation services as well as accounting and tax services.

The business combination of IOOF and SFGA will be the third largest advice business in Australia by Funds Under Advice (FUA) and one of the largest listed wealth management businesses in Australia. The acquisition of SFG was considered by the Board to be highly complimentary to the existing business of IOOF and will build out our advice and distribution capabilities. IOOF’s due diligence of SFGA indicated synergies through cost savings and revenue enhancement are expected to exceed $20m per annum pre-tax by the year ending 30 June 2016.

The IOOF Group's UNPAT pre-amortisation rose $14.3m or 13.1% to $123.0m for the year ended 30 June 2014 relative to $108.8m in the prior corresponding period.

Analysis of the IOOF Group's result needs to take account of the impact of acquiring Plan B Group Holdings Limited (Plan B) at the end of the first quarter of the prior year and the realisation of significant synergies from that transaction in both years. Plan B is a Western Australian based vertically integrated wealth manager. It was acquired on 27 September 2012 and added $3.2b FUMAS at inception. Plan B is now fully integrated within IOOF and additional revenues generated are no longer separable. All further discussion of financial performance incorporate the adjustments to profit at page 2 of the Directors' Report.

Gross margin increased $29.2m

During the current year FUMAS increased $1.7b to $121.9b. This increase was partly offset by expiration of corporate trusteeship in supervised funds. Funds Under Management, Administration and Advice (FUMA) increased by $8.3b to $95.9b, which was derived principally from equity market driven increases augmented by net inflows of $1.9b into platforms and advice which were partly offset by net outflows of $0.7b from investment management. Platform and advice flows were positively impacted by high rates of satisfaction with service levels and branding initiatives whilst investment management outflows reflected adverse performance to benchmark, most notably in the direct asset management businesses. Growth in funds contributed $34.9m overall to the increase in gross margin.
The contribution from funds growth was partly offset by the impact of product mix on earning rates or margins. Within platform administration, these lower rates principally reflected a rising proportion of products where rising asset values put a higher proportion of fund members into lower fee scales under a tiered fee structure. Investment management margins were unchanged. It should be noted, investment management fee scales vary with actively managed equity portfolios generally earning higher management fees than fixed income and multi-manager portfolios. Earning rates in the trustee segment were enhanced by growth in self managed and estate administration funds and a contraction in low rate corporate trusteeship.

Other revenue (including net stockbroking) increased $4.4m

The increase was largely due to higher ASX turnover with the IOOF Group's broking businesses, Ord Minnett and Bridges, maintaining market share amid these higher volumes. In addition, our broking businesses participated strongly in the distribution to retail clients of equity instruments, hybrid note and bond issues. This contribution was partly offset by a lower contribution from equity accounted investees engaged in investment management. The Perennial Value Management (PVM) associated entities experienced a degree of net funds outflow which overshadowed the contribution from strong market based funds growth.

IOOF Holdings Ltd - Appendix 4E for the year ended 30 June 2014

Operating expenditure increased $11.1m

The increase above excludes the impact of expenditure items identified as reversed in calculating UNPAT pre-amortisation. The major sources of this increase were labour costs and computer expenditure. These costs increased in line with wage inflation generally, a rise in the number of Full Time Equivalent (FTE) employees, related increases in licensed IT users and systems enhancements in response to frequently changing regulatory requirements. The rise in FTE was largely necessitated by the increased volume and complexity of new legislation, particularly Future of Financial Advice (FoFA), Superstream and My Super. Partially offsetting FTE reductions were realised in Plan B due to elimination of duplicated roles and centralisation of shared services. There was also an initial recognition of $1.2m of amortisation of regulation driven software development in the current year.

Other profit impacts - decline of $8.4m

Income tax expense was $6.0m higher given increased profitability and the impact of fulfilment of share based payments. In the current year, continuing treasury share purchases were partly offset by assessable income from the striking of options giving rise to a lower effective net assessable income for taxation purposes. In the prior year, purchases of treasury shares had only immaterial offsetting assessable income from striking of options. The net impact of this activity increased income tax expense by $1.9m in the current year. Net interest income was $1.0m lower due largely to lower average cash balances reflecting the application of funds to acquisitions, cash restructuring costs, software development and dividends. Net interest was also adversely impacted by a full year of Plan B acquisition funding costs and the impact of lower interest earning rates on cash balances. Non-controlling interests (including amounts restated to calculate UNPAT pre-amortisation) moved broadly in line with the profitability of the relevant subsidiaries.

Financial Position

The IOOF Group held cash and cash equivalents of $109.5m at 30 June 2014 (30 June 2013: $98.3m). Cash is held to satisfy regulatory net asset requirements and also to ensure adequate liquidity given management fee receipts are less frequent than payroll and service fee cash outflows. During the year, $20m was borrowed to acquire a 12% stake in Equity Trustees Ltd (EQT) and a $15m repayment was applied to previously established debt facilities in accordance with contractual requirements.

The EQT stake was disposed of during the year for a small profit, however the draw down to fund that original purchase has remained in place. This has been used to augment working capital and take advantage of the low cost of debt funding. Post 30 June 2014, the SFGA transaction has also been partially funded through increased debt. An additional $76.7m in debt facilities were drawn to fulfil payment requirements to SFGA shareholders who opted for cash rather than IOOF scrip under the terms of the scheme of arrangement. The additional debt reduced the funding cost relative to a full scrip for scrip acquisition and enhances the prospective value accretion for remaining shareholders. In the prior year, $50m was borrowed to fund the acquisition of Plan B adding to $55m in drawn facilities from previous transactions.

The overall debt to equity ratio stood at 12% at 30 June 2014 (30 June 2013: 13%). Cash flow forecasting is conducted monthly which indicates that the IOOF Group's debt levels are able to be serviced from current business operations. We also conduct stress testing of lending covenants when assessing acquisition opportunities and monitor adherence to licence conditions monthly.

3. Net tangible assets

	30 June 2014 (cents)	30 June 2013 (cents)
Net tangible assets per share *	6.2	3.3

* Net tangible assets equate to net assets excluding goodwill, intangible assets and deferred tax liabilities arising from acquisitions.

IOOF Holdings Ltd - Appendix 4E for the year ended 30 June 2014

4. Entities over which control has been gained or lost

Control over BD Shepparton Pty Ltd was lost during the period. The Group held 85% of the shares on issue as at 30 June 2013. Due to the disposal of all shares held, this effective ownership interest has reduced to nil as at 30 June 2014.

5. Dividends

	Amount $'000	Cents per share	% Franked
Final dividend for the year ended 30 June 2013	52,227	22.5	100%
Interim dividend for the year ended 30 June 2014	52,227	22.5	100%
Record date for determining entitlements to dividends	24 September 2014		
Date for payment of final dividend	15 October 2014		

6. Dividend reinvestment plans

The Company does not operate a dividend reinvestment plan.

7. Details of associates and joint venture entities

	Ownership interest held at the end of period		Contribution to net profit	
	Current period %	Previous corresponding period %	Current period $'000	Previous corresponding period $'000
Equity accounted associates				
Perennial Value Management Ltd *	52.4	52.4	6,150	6,695
Other associates			1,314	1,005
			7,464	7,700

* Due to voting rights associated with different classes of shares in Perennial Value Management Ltd, 52.4% ownership interest does not result in control as defined by AASB 10 *Consolidated Financial Statements.*

IOOF Holdings Ltd - Appendix 4E for the year ended 30 June 2014

8. Earnings per share

	30 June 2014 (cents)	30 June 2013 (cents)
Basic earnings per share	43.7	34.4
Diluted earnings per share	43.1	34.1
UNPAT pre-amortisation earnings per share	53.1	46.9

	30 June 2014 No. '000	30 June 2013 No. '000
Basic and UNPAT pre-amortisation earnings per share	231,637	231,886
UNPAT pre-amortisation earnings per share	234,774	234,246

At 30 June 2014, nil options were excluded from the diluted weighted average number of ordinary shares calculation as all are dilutive.

8. Other

The information contained in this Appendix 4E is based on the 30 June 2014 Annual Financial Report of IOOF Holdings Ltd and its subsidiaries, which have been audited by KPMG. The financial statements are not subject to qualification. A copy of the financial report is attached.

Further information regarding the IOOF Group and its business activities can be obtained at www.ioof.com.au

IOOF Holdings Ltd
ABN 49 100 103 722

30 June 2014
Annual Financial Report

Contents

Contents	Page
Directors' Report	1
Remuneration Report	10
Directors' Declaration	31
Lead Auditor's Independence Declaration	32
Independent Auditor's Review Report to the Members	33
Consolidated Statement of Comprehensive Income	35
Consolidated Statement of Financial Position	36
Consolidated Statement of Changes in Equity	37
Consolidated Statement of Cash Flows	39

Notes to the financial statements

Section 1 - Risk management		40
1-1	Risk management	40
1-2	Capital risk management	46
1-3	Financial Instruments	47
Section 2 - Results for the year		49
2-1	Operating segments	49
2-2	Revenue	51
2-3	Expenses	52
2-4	Net cash provided by operating activities	54
2-5	Income taxes	55
2-6	Dividends	58
2-7	Earnings per share	58
Section 3 - Capital management and financing		59
3-1	Borrowings	59
3-2	Share capital	61
3-3	Capital commitments and contingencies	62
3-4	Reserves	63
Section 4 - Operating assets and liabilities		63
4-1	Acquisitions	63
4-2	Equity-accounted investees	64
4-3	Intangible assets (other than goodwill)	65
4-4	Goodwill	66
4-5	Provisions	68
Section 5 - Statutory funds		69
5-1	Assets relating to statutory funds	69
5-2	Liabilities relating to statutory funds	69
5-3	Reconciliation of movements in contract liabilities	70
5-4	Contribution to profit or loss of statutory funds	71
5-5	Actuarial assumptions and methods	72
5-6	Disclosures on asset restrictions, managed assets and trustee activities	72
5-7	Capital adequacy position	73
Section 6 - Other disclosures		73
6-1	Parent entity financials	73
6-2	Group subsidiaries	74
6-3	Share-based payments	74
6-4	Remuneration of auditors	78
6-5	Key management personnel	78
6-6	Related party transactions	79
Section 7 - Basis of preparation		80
7-1	Reporting entity	80
7-2	Basis of preparation	80
7-3	Other significant accounting policies	81
7-4	New standards and interpretations not yet adopted	84
7-5	Subsequent events	84

The Directors present their report together with the financial report of IOOF Holdings Ltd (the "Company" or "Parent") and of the IOOF Group, being the Company and its subsidiaries and the consolidated Group's interest in associates for the financial year ended 30 June 2014 and the auditor's report thereon.

Directors

The Directors of the Company during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Dr Roger Sexton AM B.Ec. (Hons), M.Ec. Ph.D (Econ), FAICD, FAIM. SFFin, C. P Mgr, C.Univ Chairperson Independent Non-Executive Director	More than 25 years experience in senior management in finance and the investment banking industry. A specialist in the areas of corporate reconstruction, mergers and acquisitions, and asset management. Fellow of the Australian Institute of Management, Fellow of the Australian Institute of Company Directors and a Senior Fellow of the Financial Institute of Australia. Formerly a Director of TWT Group Ltd from 2008 to 2014 and a Member of the Australian Accounting Standards Board from 2010 to 2013. Chairperson of the Remuneration and Nominations Committee, Perennial Investment Partners Ltd and member of the Audit Committee. Director since 2002 - appointed Chairperson 2012.
Mr Christopher Kelaher B.Ec, LL.B, F Fin. Managing Director	Managing Director since 2009, Mr Kelaher has been instrumental in executing multiple mergers and acquisitions that have added materially to the IOOF Group and its antecedent businesses. Extensive capital markets experience from his time with Citicorp where he assisted in the establishment of Citicorp Investment Management and Global Asset Management business in Australia and New Zealand. Holds a Bachelor of Economics and a Bachelor of Laws from Monash University and is a Fellow of the Financial Services Institute of Australia.
Mr Allan Griffiths B.Bus, DipLI. Independent Non-Executive Director Appointed 14 July 2014	More than 30 years experience in the financial services industry with a deep understanding of the insurance sector. Mr Griffiths has held a number of executive positions within the financial services industry most notably as long term Chief Executive Officer AVIVA Australia and later, Managing Director South East Asia, AVIVA Asia Pte Ltd. Prior to joining Aviva, Mr Griffiths held executive positions with Norwich Union and Colonial Ltd.
Mr Ian Griffiths C.Acc, DipAll, FAICD. Independent Non-Executive Director	Over 40 years' experience in the financial services and superannuation industry. Mr Griffiths' superannuation administration and business consulting career commenced with AMP in 1972. Extensive industry knowledge and skills particularly in operations and mergers and acquisitions. Member of the Remunerations and Nominations and Audit Committees. A Director since 2009.
Ms Jane Harvey B.Com, MBA, FCA, FAICD. Independent Non-Executive Director	Ms Harvey has more than 30 years' experience in the financial and advisory services industry, with previous positions in both governance and risk management areas including a former role as Partner at PricewaterhouseCoopers and former Director of David Jones Limited from 2012 to August 2014. Ms Harvey is also a Director of Duet Finance Limited, a stapled entity within the ASX Listed DUET Group. Chairperson of the Audit Committee and a member of the Risk and Compliance Committee. A Director since 2005.
Mr George Venardos BComm, FCA, FCIS, FGIA, FAICD, FTIA. Independent Non-Executive Director	An experienced Director with broad listed company experience across a range of different industries, including financial services, affordable leisure, oil and gas services and technology development. Over 30 years' experience in executive roles in financial services, insurance and funds management including 10 years as CFO of Insurance Australia Group and Chairman of the Insurance Council of Australia Finance and Accounting Committee. Other ASX listed directorships include Bluglass Ltd since 2008 and Ardent Leisure Group since 2009. Former Director of Miclyn Express Offshore Ltd from 2010 to 2013. Chairman of the Risk and Compliance Committee and member of the Remunerations and Nominations Committee. A Director since 2009.

Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Kevin White B.Eng (civil), M.Eng.Sci., M.Admin. Independent Non-Executive Director Resigned 2 May 2014	Graduated as a professional engineer in 1973 and has spent the majority of his working life in the financial services industry and is currently Managing Director of Easton Investments Ltd, a small financial services company listed on the Australian Securities Exchange, since 2013. Formerly Managing Director of WHK Group Ltd, 1996 to 2011. Member of the Audit Committee and Risk and Compliance Committee. Director from 2011 to 2014.

All Directors held office during and since the end of the financial year, unless otherwise noted.

Principal activities

The principal continuing activities of the IOOF Group during the financial year consisted of:

- financial advice and distribution;
- platform management & superannuation administration;
- investment management; and
- trustee services including estate planning and corporate trust.

Operating and financial review

In accordance with current Australian accounting standards, the audited financial results of the benefit funds of IOOF Ltd are included in the consolidated results of the IOOF Group. The inclusion of the benefit funds has no impact on the profit after tax for the year (2013: $nil), but results in offsetting pre-tax profit and income tax amounts not available to shareholders.

The following table, which has not been audited, provides a reconciliation between the reported results of the IOOF Group and underlying net profit after tax (UNPAT) pre-amortisation, with the results of the benefit funds excluded. In calculating its UNPAT pre-amortisation, the IOOF Group reverses the impact on profit of certain, predominantly non cash, items to enable a better understanding of its operational result. It is the UNPAT pre-amortisation result which will be analysed in detail in this section of the Directors' Report. It should be noted, however, that the items reversed, and the rationale for that reversal, is also addressed in detail.

Shareholders can review the more detailed results presentation by visiting the Company website at www.ioof.com.au

	Note	2014 $'000	2013 $'000
Profit attributable to Owners of the Company		**101,285**	**79,769**
Underlying net profit after tax (UNPAT) pre-amortisation adjustments:			
Reverse the impact of:			
Amortisation of intangible assets	2-3	24,270	23,604
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Operating and financial review (continued)

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The increase above excludes the impact of expenditure items identified as reversed in calculating UNPAT pre-amortisation. The major sources of this increase were labour costs and computer expenditure. These costs increased in line with wage inflation generally, a rise in the number of Full Time Equivalent (FTE) employees, related increases in licensed IT users and systems enhancements in response to frequently changing regulatory requirements. The rise in FTE was largely necessitated by the increased volume and complexity of new legislation, particularly Future of Financial Advice (FoFA), Superstream and My Super. Partially offsetting FTE reductions were realised in Plan B due to elimination of duplicated roles and centralisation of shared services. There was also an initial recognition of $1.2m of amortisation of regulation driven software development in the current year.

Other profit impacts - decline of $8.4m

Income tax expense was $6.0m higher given increased profitability and the impact of fulfilment of share based payments. In the current year, continuing treasury share purchases were partly offset by assessable income from the striking of options giving rise to a lower effective net assessable income for taxation purposes. In the prior year, purchases of treasury shares had only immaterial offsetting assessable income from striking of options. The net impact of this activity increased income tax expense by $1.9m in the current year. Net interest income was $1.0m lower due largely to lower average cash balances reflecting the application of funds to acquisitions, cash restructuring costs, software development and dividends. Net interest was also adversely impacted by a full year of Plan B acquisition funding costs and the impact of lower interest earning rates on cash balances. Non-controlling interests (including amounts restated to calculate UNPAT pre-amortisation) moved broadly in line with the profitability of the relevant subsidiaries.

Operating and financial review (continued)

Financial Position

The IOOF Group held cash and cash equivalents of $109.5m at 30 June 2014 (30 June 2013: $98.3m). Cash is held to satisfy regulatory net asset requirements and also to ensure adequate liquidity given management fee receipts are less frequent than payroll and service fee cash outflows. During the year, $20m was borrowed to acquire a 12% stake in Equity Trustees Ltd (EQT) and a $15m repayment was applied to previously established debt facilities in accordance with contractual requirements.

The EQT stake was disposed of during the year for a small profit, however the draw down to fund that original purchase has remained in place. This has been used to augment working capital and take advantage of the low cost of debt funding. Post 30 June 2014, the SFGA transaction has also been partially funded through increased debt. An additional $76.7m in debt facilities were drawn to fulfil payment requirements to SFGA shareholders who opted for cash rather than IOOF scrip under the terms of the scheme of arrangement. The additional debt reduced the funding cost relative to a full scrip for scrip acquisition and enhances the prospective value accretion for remaining shareholders. In the prior year, $50m was borrowed to fund the acquisition of Plan B adding to $55m in drawn facilities from previous

The overall debt to equity ratio stood at 12% at 30 June 2014 (30 June 2013: 13%). Cash flow forecasting is conducted monthly which indicates that the IOOF Group's debt levels are able to be serviced from current business operations. We also conduct stress testing of lending covenants when assessing acquisition opportunities and monitor adherence to licence conditions monthly.

Risk

The IOOF Group manages a number of risks in conducting its operations and implementing its strategy. An in depth discussion of risks and sensitivities is outlined in Section 1 of the financial statements. It is noteworthy that the market risk inherent in the wealth management sector more frequently produces an uplift in profitability given long term growth in the underlying administered and managed assets. The acquisition of SFGA will also carry integration and cultural alignment risk. IOOF will manage this risk through comprehensive integration planning and collaborative implementation led by experienced senior executives and managers from both parties.

Shareholder returns

The IOOF Group dividend is calibrated to provide shareholders with a benefit which reflects performance and offers a reasonable yield when assessed against a range of other external economic factors and investment options. The Board also understands that dividend payments should not hinder future organisational plans. The Board has therefore determined that a pay-out ratio range of 60% - 90% of UNPAT pre-amortisation is appropriate. In both the current half and prior corresponding period, the dividend pay-out ratio has been at the upper end of this range. This reflected the availability of cash and the use of borrowings to fund acquisitions.

Total Shareholder Return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. IOOF's TSR for the twelve months to 30 June 2014 was 20.6%. TSR in the period from the acquisition of Australian Wealth Management on 30 April 2009 to 30 June 2014 was 161% in total and 20% on a compounding annualised basis.

	2014	2013	2012	2011	2010
Profit attributable to owners of the Company ($'000s)(1)	101,285	79,769	19,373	99,489	77,371
Basic EPS (cents per share)	43.7	34.4	8.4	43.1	33.7
Diluted EPS (cents per share)	43.1	34.1	8.3	42.9	33.6
UNPAT pre-amortisation ($'000s)	123,047	108,756	96,393	111,450	97,166
UNPAT pre-amortisation EPS (cents per share)	53.1	46.9	41.6	48.3	42.3
Dividends declared ($'000s)	110,257	97,485	85,854	99,511	110,447
Dividends per share (cents per share)	47.5	42.0	37.0	43.0	35.0
Opening share price	$ 7.36	$ 6.05	$ 6.60	$ 5.99	$ 4.04
Closing share price at 30 June	$ 8.40	$ 7.36	$ 6.05	$ 6.60	$ 5.99
Return on equity (non-statutory measure)(2)	15.0%	13.2%	11.1%	12.9%	11.4%
Ratio to long-term bond rate	4.0 times	3.3 times	3.7 times	2.5 times	2.2 times

(1) Profit attributable to owners of the Company have been calculated in accordance with Australian Accounting Standards (AASBs).

(2) Return on equity is calculated by dividing annualised UNPAT pre-amortisation by average equity during the year.

Returns to shareholders increase / decrease through both dividends and capital growth / decline. Dividends for 2014 and prior years were fully franked.

Operating and financial review (continued)

UNPAT pre-amortisation adjustments

Amortisation of intangible assets: Non-cash entry reflective of declining intangible asset values over their useful lives. Intangible assets are continuously generated within the IOOF Group, but are only able to be recognised when acquired. The absence of a corresponding entry for intangible asset creation results in a conservative one sided decrement to profit only. It is reversed to ensure the operational result is not impacted. The reversal of amortisation of intangibles is routinely employed when performing company valuations. The amortisation of software development costs is not reversed in this manner however.

Impairment (prior comparative period): Non-cash entry which reflects a point in time valuation of assets which is unable to be reversed to profit in future periods should the original value prove to be restored. The entry is not related to the conventional recurring operations of the IOOF Group.

Acquisition transition costs: One off payments to external advisers in pursuit of acquisitions such as SFGA, and Plan B in the prior comparative period, which were not reflective of conventional recurring operations.

Termination and retention incentive payments: Facilitation of restructuring to ensure long term efficiency gains which are not reflective of conventional recurring operations. The prior comparative period was largely due to the Plan B acquisition.

Recognition of Plan B onerous lease contracts (prior comparative period): Non-cash entry in the prior comparative period to record the estimated present value of expected costs of meeting the obligations under contracts where the costs exceed the economic benefits expected to be received pursuant to the contracts.

Equity Trustees Ltd acquisition and divestment (inc dividends): During the year, the IOOF Group acquired a 12% stake in EQT funded by $20m borrowings. The EQT stake was disposed of during the year for a small profit. The profit, dividends received and associated transaction and borrowing costs have been excluded from UNPAT as the transaction is not related to conventional recurring operations of the IOOF Group.

Unwind of deferred tax liability recorded on intangible assets: Acquired intangible asset valuations for AASB 3 *Business Combinations* accounting are higher than the required cost base as set under newly legislated tax consolidation rules implemented during 2012. A deferred tax liability (DTL) is required to be recognised as there is an embedded capital gain should the assets be disposed of at their accounting values. This DTL reduces in future periods at 30% of the amortisation applicable to those assets which have different accounting values and tax cost bases. The recognition of DTL and subsequent period reductions are not reflective of conventional recurring operations and are regarded as highly unlikely to be realised due to the IOOF Group's intention to hold these assets long term.

Reinstatement of Perennial non-controlling interests: Embedded derivatives exist given the IOOF Group’s obligation to buy-back shareholdings in certain Perennial subsidiaries if put under the terms of their shareholders’ agreements. IFRS deems the interests of these non-controlling holders to have been acquired. Those interests must therefore be held on balance sheet as a liability to be revalued to a reserve each reporting period. In calculating UNPAT, the non-controlling interest holders share of the profit of these subsidiaries is subtracted from the IOOF Group result as though there were no embedded derivatives to better reflect the current economic interests of Company shareholders in the activities of these subsidiaries.

Income tax attributable: This represents the income tax applicable to certain of the adjustment items outlined above.

Dividends

In respect of the financial year ended 30 June 2014, the Directors declared the payment of a final dividend of 25.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 15 October 2014. This dividend will be paid to all shareholders recorded on the Register of Members on 24 September 2014.

The Directors declared the payment of an interim dividend of 22.5 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares paid on 9 April 2014.

In respect of the financial year ended 30 June 2013, a final dividend of 22.5 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 16 October 2013.

Environmental regulation

The IOOF Group is not subject to significant environmental regulation.

Events occurring after balance date

The Directors have declared the payment of a final dividend of 25.0 cents per ordinary share franked to 100% based on tax paid at 30%, to be paid on 15 October 2014.

On 6 August 2014, SFGA joined the IOOF Group via a scheme of arrangement. The IOOF Group acquired all of the ordinary shares in SFGA for a total consideration of $76.7 million and the issue of 68,015,718 shares in the Company to former SFGA shareholders. The IOOF Group entered into a Debt Facility for $100 million to fund the cash consideration component of the scheme of arrangement and transition costs. Further information about the acquisition is disclosed in note 4-1 Acquisitions.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- the IOOF Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the IOOF Group's state of affairs in future financial years.

Lead auditor's independence declaration

The lead auditor's independence declaration is included on page 32 of the annual financial report and forms part of the Directors' Report for the year ended 30 June 2014.

Company secretary

Ms Danielle Corcoran was appointed to the position of Company Secretary in June 2009. Ms Corcoran previously held the position of Company Secretary of Australian Wealth Management Ltd prior to its acquisition by the Company and prior to that held similar positions with other listed companies. Ms Corcoran is also General Manager Human Resources for the IOOF Group.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Directors Meetings		Committee Meetings					
	Meetings attended	Meetings held	Remuneration & Nominations		Audit Committee		Risk and Compliance Committee	
			Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held
R Sexton	16	16	7	7	7	7	n/a	n/a
I Griffiths	16	16	7	7	7	7	n/a	n/a
J Harvey	16	16	n/a	n/a	7	7	5	5
C Kelaher	16	16	n/a	n/a	n/a	n/a	n/a	n/a
G Venardos	15	16	7	7	n/a	n/a	5	5
K White	10	11	n/a	n/a	4	6	5	5

The Directors meetings are those held for IOOF Holdings Ltd. This does not include the meetings held and attended by Directors for the various subsidiary companies, major subsidiaries averaged a further 8 meetings each during the year. In addition to the meetings attended during the period, a number of matters were considered and addressed separately via circular resolution.

Shares issued on exercise of options

During the financial year, the IOOF Group did not issue any ordinary shares of the Company as a result of the exercise of options. All plans were satisfied from the purchase of shares.

Unexercised options over shares, performance rights and deferred shares

At the date of this report unexercised options over shares of the Company under option, deferral arrangements and performance rights are:

Options		
Expiry date	Number of options	Exercise price per option $
30 Sep 14	265,723	7.50
30 Jun 15	400,000	6.14
27 Nov 15	79,156	5.20
4 May 16	100,000	7.01
	844,879	

Performance rights	
Vesting date	Number of rights
23 Nov 14	34,425
27 Nov 14	37,500
30 Nov 14	749,885
30 Jun 15	447,500
1 Jul 15	32,175
23 Nov 15	34,425
30 Nov 15	667,943
30 Jun 16	250,000
1 Jul 16	32,175
	2,286,028

Deferred shares	
Vesting date	Number of shares
30 Jul 15	36,217
	36,217

Shares allocated on vesting will rank equally with all other ordinary shares on issue.
All options expire on the earlier of their expiry date or within 90 days of the cessation of the employee's employment where performance hurdles have vested. In addition, the ability to exercise options is conditional on service and performance hurdles as detailed in section 4 of the Remuneration Report.
These options and performance rights do not entitle the holder to participate in any share issue or receive dividends of the Company or any other body corporate.

Indemnification and insurance

Rule 84 of the IOOF Holdings Ltd Constitution requires the Company to indemnify to the extent permitted by law, each Director and Secretary against liability incurred in, or arising out of the conduct of the business of the Company or the discharge of the duties of the Director or Secretary. The Directors and Secretary named in this Directors' Report have the benefit of this requirement, as do individuals who formerly held one of those positions.

In accordance with this requirement the Company has entered into Deeds of Access, Indemnity and Insurance (Deeds of Indemnity) with each Director and Secretary. During the financial year, the IOOF Group paid insurance premiums to insure against amounts that the IOOF Group may be liable to pay the Directors and Secretary pursuant to Rule 84. The insurance policy also insures the Directors and Secretary of the Company and its controlled entities, and the general officers of each of the companies in the IOOF Group. Details of the amount of the premium paid in respect of the insurance contract have not been disclosed as such disclosure is prohibited under the terms of the contract.

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

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, narrative disclosures are expressed in whole dollars or as otherwise indicated.

Non-audit services

The Directors are satisfied that the provision of non-audit services, during the year ($685,118), by the auditor (or by another person or firm on the auditor’s behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

- fees earned from non-audit work undertaken by KPMG are capped at 1.0 times the total audit fee;
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the IOOF Group, acting as advocate for the IOOF Group or jointly sharing economic risks and rewards.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Remuneration Report

1.	**Overview**	**11**
1.1	Managing Director remuneration outcomes for 2014	11
1.2	Non-Executive Directors	12
2.	**Employee Culture**	**12**
3.	**Remuneration Framework**	**13**
3.1	Objectives	13
3.2	Remuneration governance	13
3.3	Committee members	14
3.4	How remuneration is determined	14
3.5	Services from consultants	16
4.	**Managing Director and Executive KMP Remuneration**	**17**
4.1	Managing Director remuneration	17
4.1.1	Short term incentive: targets and outcomes	18
4.1.2	Long term incentive: targets and outcomes	18
4.1.3	Change of control and cessation of employment	21
4.1.4	Remuneration for the year ended 30 June 2015	21
4.2	Other Executive KMP remuneration	21
4.2.1	Short term incentive: targets and outcomes	22
4.2.2	Long term incentive: targets and outcomes	22
5.	**Remuneration tables**	**23**
5.1	Remuneration components as a percentage of total remuneration	23
5.2	Deferred shares, options and performance rights over equity instruments granted as compensation during 2014	24
5.3	Exercise of options granted as compensation	24
5.4	Consequences of performance on shareholder wealth	24
5.5	Key management personnel deferred shares, options and performance rights holdings	25
5.6	Vesting profiles of deferred shares, options and performance rights	26
5.7	Options and performance rights granted since the end of the financial year	27
6.	**Summary of Executive Contracts**	**27**
7.	**Shareholdings of Key Management Personnel**	**27**
8.	**Non-Executive Directors' Remuneration**	**28**
8.1	Objectives	28
8.2	Terms of appointment	28
8.3	Components of Non-Executive Director remuneration	28
8.4	Remuneration table	29
8.5	Shareholdings of Non-Executive Directors	30
9.	**Payments to persons before taking office**	**30**

Remuneration Report (continued)

The information in this report is in accordance with AASB 124 Related Party Disclosures and section 300A of the Corporations Act 2001, and has been audited as required by Section 308(3C) of the Corporations Act 2001 unless otherwise stated.

1. Overview

The IOOF Group's remuneration strategy is to achieve an appropriate linkage and balance between executive remuneration practices and the creation of shareholder value. An equally important responsibility is to ensure that the rationale for the policies and practices underlying executive remuneration are properly explained to, and understood by the IOOF Group shareholders and relevant stakeholders.

The key principles of the IOOF Group's remuneration policy remain unchanged from that of last year. These principles are designed to achieve a performance culture across the IOOF Group, subject to the constraints embodied in the IOOF Group's risk appetite framework, by aligning a large component of executive remuneration to the creation of value for our shareholders whilst ensuring we minimise risk to our clients.

The Board of Directors oversees the IOOF Group's remuneration policies on recommendations from the Remuneration and Nominations Committee (the "Remuneration Committee"). The Board and the Remuneration Committee review these policies annually to ensure that they remain in line with the market and regulatory environment and that the interests of employees, shareholders and clients are closely aligned, to maximise shareholder value in the medium and longer term.

The IOOF Group aims to ensure that its remuneration policies and practices are consistent with market practice in terms of:

- attracting, motivating and retaining high quality people who will contribute to the IOOF Group's growth and success;
- aligning the rewards for performance by Key Management Personnel (KMP) with the returns achieved by shareholders and clients;
- achieving the desired culture; and
- ensuring risk management and meeting the IOOF Group's risk appetite is a key factor when making remuneration decisions.

The remuneration arrangements for Executive KMP comprise three key components:

- a base package which is a fixed amount and is generally increased on an annual basis according to cost of living increases (CPI), market movements or changes in the scope of the position. The base amount will generally not be reduced except in extreme circumstances deemed appropriate by the Board (e.g. under performance or significant adverse changes impacting on the IOOF Group);
- a short term incentive amount (STI) which a factor includes growth in shareholder value as measured by the returns received by shareholders from dividends and the growth in the share price; and
- a long term incentive (LTI) which is intended to provide an incentive to the Executive KMP to remain with the IOOF Group to enhance the sustainable performance of the IOOF Group over the long term.

The values of LTIs disclosed in the Remuneration Report are the accounting value of the grants of deferred shares, options and performance rights. The benefits derived by Executive KMP from LTIs vary in line with the movements in the Company’s share price.

1.1 Managing Director remuneration outcomes for 2014

Performance outcomes for 2014 for the Managing Director were as follows:

- the maximum opportunity for STI in 2014 was 100% of base salary. Assessment against Key Performance Indicators (KPIs) resulted in awarding 79% of the Managing Director's base salary. Two thirds of this payment was paid in cash ($607,546) and one third in 36,217 deferred shares;
- an additional STI of $25,000 was paid in March 2014 for performance hurdles relating to the 2013 financial year which were subsequently met;
- the Committee performed a look-back for the 27,874 deferred shares awarded in July 2013 and determined it is still appropriate to award the deferred shares. These were released to Mr Kelaher in August 2014;
- the performance rights awarded in 2012 were subject to performance testing during 2014. The Group's TSR of 52.3% over the three year performance period placed it at the 68th percentile relative to the ASX 200 as a comparator group. This percentile ranking means that 85.8%, or 128,700 of the 150,000 performance rights awarded to Mr Kelaher, have vested;
- the options awarded in 2012 subject to Earnings Per Share (EPS) performance did not reach the vesting hurdle and will not be awarded or re-tested. The vesting of options and performance rights was also subject to the Group achieving a minimum Return on Equity of 5.5% in each year of the performance period. This performance hurdle was satisfied hence the assessments above were enacted; and
- 100,000 performance rights were granted at the November 2013 Annual General Meeting, subject to performance hurdles for the period 1 July 2013 to 30 June 2016 to be assessed in July 2016.

Remuneration Report (continued)

1.2 Non-Executive Directors

The total fees paid to the Chairman and the Non-Executive Directors on the Board (including fees paid for their involvement on Board committees) are kept within the total amount approved by shareholders. The Board determined that no increase would be made to the total fees payable to Non-Executive Directors in 2014 other than CPI adjustments. Non-Executive Directors do not receive performance payments.

2. Employee Culture

IOOF has over 1,600 employees across its various operating businesses. Our people represent who we are and are our most valuable asset.

Our employees established company values which are known as "The IOOF Values". These values are an integral part of our induction and orientation program and are an important component of our employees' annual performance program.

The IOOF Values as set out below form the basis for our culture:

Integrity: Because we do as we say and adhere to our moral and ethical beliefs. True to label, living by the values, honesty and transparency, doing the right thing.

Commitment: Because we are focused on delivery, dedication, accountability, consistency, reliability, ownership, "head and heart".

Excellence: Because we aspire to be the best in chosen markets. Raising the bar, performance benchmarking, measurement, quality, knowledge and capability.

Innovation: Because we continuously seek better ways and continuous improvement.

Empathy: Because we care. Putting ourselves in others' shoes, consideration, understanding, listening.

Recognition: Because we value achievement. Acknowledging, rewarding, communicating, encouraging, constructive feedback.

Efficiency: Because we want to be easy to deal with. Clear processes, differentiated by simplicity, responsive.

With a large and geographically diverse employee base, communication, understanding the business and knowing the roles of our people is paramount. The Board and management encourage our employees to work as part of a team and to share experiences and provide support to one another.

Investing in our employees is crucial to attracting and retaining talent. Initiatives incorporated into our human resources program in recent years include career planning and succession planning and extending learning and development opportunities to all employees including providing study assistance. These initiatives also assist in expanding our employees' skills and knowledge.

Over the past few years, diversity and equality has been a focus for the business. IOOF has a Diversity Policy and Diversity Plan that is reviewed annually. In addition when recruiting at all levels within the business, employees must adhere to the Equal Opportunity Policy and familiarise themselves with the Equal Employment Opportunity Statement which is signed off by the Managing Director. In 2012, the IOOF Women's Committee was established to identify the development and support needs for the women of IOOF. Meetings are held throughout the year in which women from different states, business units, ages, roles and responsibilities discuss matters, plan events and provide support to each other. These have included gender specific surveys, gender intelligence workshops, business leader webinars and a luncheon series "IOOF Women in Advice". As part of the diversity plan, all staff must complete online training and competency testing annually to raise awareness of diversity and equality in the work place. The IOOF Group's recruitment policy supports diversity and it identifies that diversity is important to the business and its stakeholders.

We allow those business which are not wholly owned, such as Ord Minnett Ltd and the subsidiaries of Perennial Investment Partners Ltd, to develop an employee culture more specifically aligned to their industry sectors and shared ownership models while ensuring that the overall value framework in these companies is consistent with that used within the IOOF Group.

Remuneration Report (continued)

3. Remuneration Framework

3.1 Objectives

The principal objective of the Board is to achieve superior returns for our shareholders and clients within the financial services industry in which it operates. In pursuing this objective, the Board ensures work practices recognise compliance obligations in all facets of the IOOF Group's operations while managing risk in a prudent manner for all stakeholders. To realise this objective, the Board has recognised that it is fundamental to align the interests of employees with those of the shareholders by attracting, motivating and retaining high performing Executives, their successors and other high performing employees.

The Board has adopted a practice that the IOOF Group’s remuneration policy will:

- Be competitive in the markets in which the IOOF Group operates in order to attract, motivate and retain high calibre employees who will contribute to the IOOF Group's success;
- Reinforce and deliver on the short and long term objectives of the IOOF Group as set out in the strategic business plans endorsed by the Board; and
- Provide a common interest between employees and shareholders by linking the rewards that accrue to management to the creation of value for shareholders and our clients, while at the same time ensuring that remuneration policy has regard to market practice and conditions.

The policy seeks to support the IOOF Group’s objective to be seen in the market place as “an employer of choice” by offering remuneration levels which are competitive relative to those offered by comparable employers and providing strong, transparent linkages between individual and IOOF Group performance and rewards.

3.2 Remuneration governance

The Board is responsible for ensuring that the IOOF Group’s remuneration policies are equitable, competitive and aligned with the medium and long term interests of our shareholders and our clients. In performing this function, the Board is conscious of the imperative for decisions on employee remuneration to be carefully evaluated against these objectives and be in line with market practice.

To assist in this task, and to advise the Board on enhancement and administration of the IOOF Group's remuneration policies, the Board has established a Remuneration Committee.

The remuneration framework put in place by the Remuneration Committee considers the adequacy of remuneration policies and practices within the IOOF Group on an annual basis, including:

- Determination of Managing Director and Executive KMP remuneration arrangements;
- Ensuring remuneration policies and structures are applicable to Non-Executive Directors;
- Ensuring that succession planning and development plans are in place for Executive KMP and their potential successors;
- On-going review and monitoring of short-term and long-term incentive schemes;
- Setting key performance indicators and assessment of Managing Directors’ and the IOOF Group's performance against those key performance indicators;
- Overall compensation arrangements of the IOOF Group;
- Ongoing review of the composition, skill base and performance of Non-Executive Directors; and
- Compliance with regulatory requirements including the ASX Listing Rules and the associated ASX Corporate Governance Principles and meeting both ASIC and APRA requirements.

The Remuneration Committee reviews and makes recommendations to the Board on the remuneration structure and policies applicable to the Executives, KMP and Executive and Non-Executive Directors of the IOOF Group.

Further details of the Remuneration Committee’s charter and policies are available on the Corporate Governance page of the Company’s website at www.ioof.com.au

Remuneration Report (continued)

3.3 Committee members

The Remuneration Committee is comprised solely of Non-Executive Directors, all of whom are independent.

The members of the Remuneration Committee during 2014 were Dr Roger Sexton AM (Chairperson), Mr Ian Griffiths and Mr George Venardos.

The Board considers that the members of the Remuneration Committee provide an appropriate mix of skills to undertake its terms of reference, having regard to qualifications, knowledge of the financial services industry and experience in business management.

In order to ensure that it is fully informed when making remuneration decisions, the Remuneration Committee receives regular reports and updates from the Company Secretary and General Manager of Human Resources and other members of management who the Remuneration Committee invites to attend meetings as and when appropriate. The Remuneration Committee can also draw on services from a range of external sources, including access to benchmarking material and remuneration consultants (refer 3.5 below).

3.4 How remuneration is determined

The IOOF Group uses a total remuneration package approach in determining remuneration that comprises both "fixed" and "at risk" components. These components reflect an employee's contribution to the IOOF Group, skills and qualifications, market benchmarks and the pay environment.

The remuneration framework is the responsibility of the Remuneration Committee, or in the case of Ord Minnett Ltd and Perennial Investment Partners Ltd, the separately constituted boards of those companies. These separately constituted boards extend to include members of the Board to ensure alignment and consistency across the IOOF Group.

The Remuneration Committee engages independent remuneration consultants from time to time to perform reviews and benchmarking exercises to assess remuneration levels paid to Directors (both Executive and Non-Executive) and Executive KMPs. This enables the IOOF Group to remain competitive with relevant competitors in the financial services sector, and the broader spectrum of public companies of similar size, revenue and profitability. Remuneration policies and arrangements are also reviewed and, where appropriate, updated to reflect relevant changes in legislation and regulation.

Executive remuneration

Executive Remuneration comprises a number of components including total fixed remuneration (TFR), short term incentive (STI) opportunity, partly (cash) deferred STI (for the Managing Director) and long term incentives (LTI) in the form of deferred shares (Managing Director only), performance rights and options over ordinary shares. LTIs are subject to appropriate, pre-determined performance hurdles. The use of multiple performance hurdles has been adopted as a means of evaluating performance both from a market perspective and from an IOOF Group perspective. Each of these forms of remuneration is described in detail below.

Total Fixed Remuneration (TFR)

TFR includes a combination of base salary, employer superannuation contributions and other fringe benefits that an individual employee could choose to salary sacrifice (e.g. superannuation, motor vehicle). TFR is based on what is appropriate to the position taking into consideration expertise, accountability, knowledge, experience and market competitiveness.

Remuneration Report (continued)

3.4 How remuneration is determined (continued)

Short Term Incentive (STI) opportunity

The STI opportunity is a cash-based incentive forming part of the Executive's total compensation opportunity, the value of which is tied to the successful achievements of a set of performance scorecard objectives (including financial, strategic, customer and people objectives) for the annual performance period. Select individuals also have a deferred component to their STI incentive (detailed further below). STI opportunities vary for each individual. For the Managing Director, the maximum STI is up to 100% of base salary. The other Executives' maximum STI opportunity for 2014 is up to 40% with the exception of the Chief Investment Officer who has up to 100% if additional KPIs on the performance of the investment management business are satisfied (ie. top quartile performance).

Objectives for each participant are drawn from the following categories:

- Financial measures
  Performance measures include Underlying Profit After Tax (UNPAT) Pre-Amortisation, Total Shareholder Return (TSR) and Return on Equity (RoE).

- Business excellence
  Performance measures for the year ended 30 June 2014 included operational targets such as long-term structural reductions to the cost base of the IOOF Group, balance sheet and liquidity initiatives and improvements to the performance of business units.

- Strategy
  Measurable progress towards achieving longer term strategic goals. This includes, but is not limited to, implementation of major platform consolidation, regulatory adherence, acquisition growth and product rationalisation initiatives.

- Governance adherence
  Each Executive KMP is provided with a number of targets at the beginning of the performance period that are set and agreed with the Managing Director. Each Executive KMP has included in their targets an objective relating to risk management, regulatory and IOOF Group compliance and ensuring that outcomes from internal and external audit are actioned. In addition, Executive KMP have specific targets relating to their businesses to ensure they are working towards the IOOF Group's overall objectives.

Long Term Incentive (LTI) opportunity

The Board considers a long-term performance-related incentive component to be an important element of the executive reward framework. The IOOF Group utilises equity based incentives in the form of deferred shares (Managing Director only), performance rights and options over ordinary shares. These LTIs are subject to the achievement of appropriate performance hurdles. The purpose of equity based remuneration is to:

- drive medium to long-term performance outcomes;
- link the interest of senior management to those of shareholders;
- provide competitive rewards to attract, motivate and retain employees;
- strengthen the link between remuneration and performance; and
- manage risk.

Early vesting may occur in certain circumstances, subject to the performance hurdle being achieved and Board approval received:

- On a person/entity acquiring more than 20% of the voting shares in the Company pursuant to a takeover bid that has become unconditional;
- On the termination of employee due to death or permanent disability; or
- In other exceptional circumstances where the Board determines appropriate.

Remuneration Report (continued)

3.4 How remuneration is determined (continued)

Long Term Incentive (LTI) opportunity (continued)

The performance hurdle for current LTI plans has been linked to IOOF Group TSR compared to S&P ASX200 companies at the date of grant. TSR represents the change in the value of a share plus the value of dividends paid. TSR was chosen as the most appropriate comparative measure as it focuses on the delivery of shareholder value and is a well understood and tested metric of performance.
The Remuneration Committee has authorised Finance to engage the services of an external organisation (Value Adviser Associates) to calculate the IOOF Group's performance against the TSR performance hurdles. The LTI element of the Managing Director's remuneration is described in detail in the next section of this report.

Deferral arrangements

The Board has implemented deferral arrangements and look back provisions on a portion of the STI (cash payment) and LTI for the Managing Director in the 2014 year. The deferral element of the Managing Director's remuneration is described in detail in Section 4 of this report.

Hedging of unvested securities

The IOOF Group Securities and Insider Trading Policy contains a restriction on Executives and other employees entering into a hedging transaction to remove the 'at risk' aspect of securities that have been granted to them as part of their remuneration package and which have not vested subject to performance conditions and/or which are still subject to forfeiture conditions. Employees are provided with a copy of this policy and are required to provide annual certification that they have complied with the policy. Failure to comply with the policy may result in disciplinary action, including forfeiture of the securities, suspension or termination of employment.

Remuneration mix

The table below shows the Executive TFR and target and actual performance base remuneration as a proportion of the total of all forms of remuneration for the 2014 financial year:

Position		TFR %	STI %	LTI %
Managing Director	Target	33	33	34
	Actual(1)	45	36	19
Chief Investment Officer	Target	54	27	19
	Actual	54	27	19
Other Executives	Target	58	21	21
	Actual	57	21	22

(1) Actual STI for the Managing Director includes one third of the STI awarded for the 2014 year settled in deferred shares.

3.5 Services from consultants

The Board seeks and considers advice from independent, external remuneration consultants where appropriate. Remuneration consultants are engaged directly by and report to the Remuneration Committee.

In selecting remuneration consultants, the Remuneration Committee takes into account potential conflicts of interest and requires independence from the IOOF Group's management. The advice and recommendations of external consultants are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Director. No remuneration consultants were engaged during 2014.

Remuneration Report (continued)

4. Managing Director and Executive KMP Remuneration

The following is designed to provide a summary of the IOOF Group's remuneration policies and structure and provide an overview of the actual value of the remuneration received by the Managing Director and Executive KMP in 2014.

For the purposes of this report, the Executive KMP (excluding the Managing Director - Christopher Kelaher) are as follows:

Name	Position
Executive KMP	
Mr David Coulter	Chief Financial Officer
Mr Michael Farrell	Group General Manager Advice
Mr Stephen Merlicek	Chief Investment Officer
Mr Renato Mota	General Manager Distribution
Mr Gary Riordan	Group General Counsel & General Manager Trustee Services

Remuneration report disclosures include Executive KMP with key responsibility for the strategic direction and management of the IOOF Group and of the revenue generating businesses or who have the capacity to significantly affect the IOOF Group's financial standing.

4.1 Managing Director remuneration

The remuneration of Mr Kelaher is set by the Board and is based on a market review of the level of remuneration required to attract and retain a high calibre individual suitable for the role. During the financial year ended 30 June 2014, Mr Kelaher received a remuneration package comprising total fixed remuneration of $1,153,574. Mr Kelaher was entitled to a total STI opportunity of up to a maximum of $1,153,574 (100% of TFR) based on achievement of superior performance against set targets determined by the Remuneration Committee. In July 2014 the Remuneration Committee assessed Mr Kelaher's performance against those targets and determined an STI amount of $911,323, being 79% of the eligible amount.

In terms of his remuneration arrangements, the STI opportunity was settled two thirds by cash and a third in the form of deferred shares. The number of deferred shares granted to Mr Kelaher was determined on the basis of the STI deferral amount divided by the five day Volume Weighted Average Price up to and including 30 June 2014, which was $8.39. The number of deferred shares to be issued accordingly is 36,217 (capped at 75,000 annually) and there is no consideration payable for the grant of the deferred shares.

The Board has determined that the portion of STI awarded as deferred shares will be subject to Board 'look back' arrangements. This means the Board will conduct a review of Mr Kelaher and the IOOF Group's performance in July 2015 and assess whether any significant unexpected or unintended consequences have occurred that were not foreseen by the Remuneration Committee when it made its decision in July 2014, and whether it is still appropriate to award the deferred shares.

During July 2014, the Remuneration Committee performed a 'look back' review in regards to the 27,874 deferred shares issued in July 2013. The Remuneration Committee determined, and the Board supported, that all of the deferred shares were to vest in accordance with the terms of the arrangement. The 27,874 shares have since been transferred to Mr Kelaher.

Remuneration Report (continued)

4.1.1 Short term incentive: targets and outcomes

The Managing Director's short term incentive targets/objectives for the 2014 performance period are shown below. The Board through its Remuneration Committee assessed each of the Managing Director's targets and awarded a STI amount of $911,323. The STI awarded represents 79% of the total opportunity for the 2014 performance period.

KPI	Measure	Outcome
Growth / Strategy	Organic growth - flagship products	Achieved
	Continue to grow by mergers and acquisitions	Acquisition of SFGA occurred August 2014
	Profit	IOOF Group UNPAT pre-amortisation increased
	Investment performance	Majority of diversified and single-sector funds achieved above median or top quartile
Governance	MySuper and SuperStream	Successful implementation
	Readiness of the new APRA Prudential Standards	Achieved
	APRA and Audit Findings	Satisfied and exceeded designated KPIs
People and Culture	Employee Engagement	
	Career and Succession Planning	Succession planning and career planning program extended
	Diversity and Equality	Continuing to focus on leadership and talent development Enhanced performance management Focus on gender diversity Ensured compulsory completion and support to the diversity plan
Customer Advocacy	Delivery of IT Solutions for Platform Management and Service Delivery	Achieved
	External Survey Feedback	Achieved improved ratings in external surveys

4.1.2 Long term incentive: targets and outcomes

Performance rights

A summary of the current performance rights on issue to Mr Kelaher are as follows:

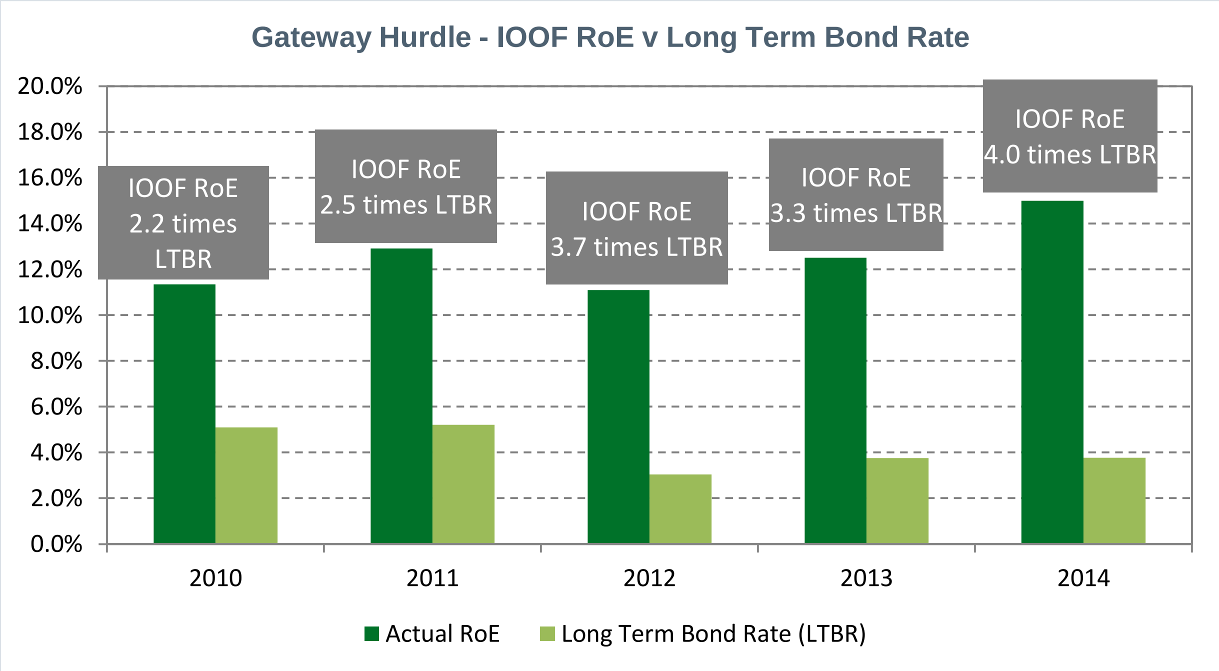
Year	LTI Targets	Grant date	Perform-ance period	Rights eligible to vest	Vesting date
2014	Gateway hurdle - RoE in excess of 1.5 times the long term bond rate Second hurdle - TSR greater than median TSR of the S&P/ASX200 (progressive vesting)	26 Nov 13	2014-2016	100,000	30 Jun 16
2013	Gateway hurdle - RoE in excess of long term bond rate Second hurdle - TSR greater than median TSR of the S&P/ASX200 (progressive vesting)	27 Nov 12	2013-2015	250,000	30 Jun 15
2012	Average RoE of 5.5% and TSR greater than median TSR of the S&P/ASX200 (85.8% satisfied)	01 Jul 11	2012-2014	32,175 32,175	1 Jul 15 1 Jul 16
2011	Average RoE of 5.5% and TSR greater than median TSR of the S&P/ASX200 (91.8% satisfied)	23 Nov 10	2011-2013	34,425 34,425	23 Nov 14 23 Nov 15
2010	Average RoE of 5.5% and TSR greater than median TSR of the S&P/ASX200 (100% satisfied)	27 Nov 09	2010-2012	37,500	27 Nov 14

Upon exercise of the performance rights, shares will be allocated to Mr Kelaher. Shares allocated to Mr Kelaher will rank equally with all other ordinary shares on issue.

Remuneration Report (continued)

4.1.2 Long term incentive: targets and outcomes (continued)

Return on equity is calculated by dividing UNPAT pre-amortisation by average equity on issue during the year.



<u>2014 series performance hurdles</u>

As approved at the Annual General Meeting of Shareholders on 26 November 2013, Mr Kelaher is entitled to participate in an LTI program offering a maximum reward opportunity of 100,000 performance rights in respect of the 1 July 2013 to 30 June 2016 performance period.

In order for the performance rights of the Managing Director to be eligible to vest, the IOOF Group will have to achieve a minimum RoE of 1.5 times the long term bond rate (10 year bond yield). That is, if less than 1.5 times long term bond rate is achieved, no performance rights are eligible to vest. If 1.5 to 2 times the Long Term Bond rate is achieved, 50% of the performance rights are eligible to vest. If 2.0 to 2.5 times is met, then 75% of the performance rights will be eligible to vest and 100% will be eligible to vest if 2.5 times (or above) the long term bond rate is achieved. The RoE hurdles have been developed by the Board ensure that an LTI is not paid in a period of low or negative performance.

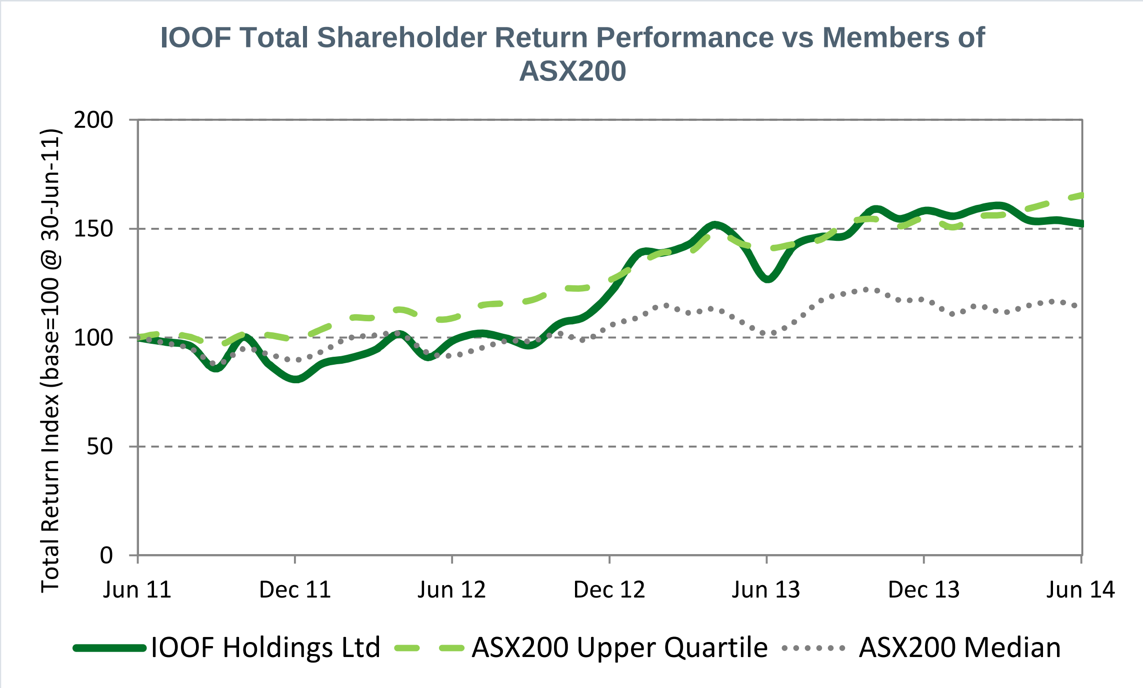
Following the tiered gateway test as above, the second performance hurdle will be assessed. This hurdle relates to the IOOF Group's TSR over a three year period from 1 July 2013 to 30 June 2016 measured against the TSR of a group of companies comprising the S&P ASX 200 as at 1 July 2013. Should the IOOF Group achieve a median TSR performance or better, the performance rights which are eligible to vest following the RoE performance hurdle will progressively vest in accordance with the schedule as set out below. If the IOOF Group fails to achieve a median performance, all remaining rights will lapse and will not be retested.

Relative TSR performance	% of performance rights vesting
At or above 75th percentile	100%
At or above median	50%
Between median and 75th percentile	Progressive vesting on a straight line basis, such that 2% of LTI awards vest for each 1% ranking increase from 50th percentile.
Below median	0%

Remuneration Report (continued)

2012-2014 performance results (2012 series performance rights)

The below figure compares IOOF's TSR performance against the median TSR of the ASX 200 over the 2012 to 2014 measurement period.



The IOOF Group's TSR performance over the period was 52.3% placing it at the 67.9% percentile relative to the ASX 200. This resulted in an 85.8% or 128,700 of 150,000 performance rights awarded to Mr Kelaher being eligible to vest subject to continued service conditions with the first tranche vesting in July 2014.

Notwithstanding these hurdles, the rewarding of performance rights or similar remuneration bonuses always remains at the discretion of our Board regardless of KPI based entitlements. In the case of the STI rewards to the Managing Director for example, the Board resolved to make a payment of 79% of his entitlement in respect of the 2014 year (2013: 60%).

The Board is very conscious of its responsibilities to the shareholders in balancing the rewards to our employees (the providers of our human capital) with the rewards to our shareholders (the providers of our risk capital) and has undertaken a lot of work to ensure that the remuneration structures (and actual remuneration payments) to Executives are tied to the performance of the IOOF Group. The Board takes into account current market practices in the financial services industry and companies of similar size in addition to feedback from shareholders and other stakeholders when reviewing these structures, and the payment of rewards to Executives, on an annual basis.

2015 Series Approval to be sought at the November 2014 Annual General Meeting - Managing Director

Approval will be sought at the 25 November 2014 Annual General Meeting for the issue of 75,000 performance rights. The performance hurdles will remain the same as those selected during the 2014 performance period being relative performance against the long term bond rate as a three tiered gateway hurdle and achieving at least median TSR performance against a group of companies comprising the S&P ASX 200 as at 1 July 2014. The performance period will be from 1 July 2014 to 30 June 2017 with vesting occurring on 1 July 2017.

The Board believes that the use of an RoE gateway hurdle is important to ensure that a bonus is not paid to the Managing Director in periods of low or negative return to shareholders. The actual RoE achieved by the IOOF Group over the last four years has averaged 3.3 times the long term bond rate (as depicted on page 19). The gateway RoE hurdle as explained above is a sliding scale which starts at 1.5 times (50% of performance rights eligible to vest) and rises to 2.5 times before 100% eligibility occurs.

Remuneration Report (continued)

4.1.2 Long term incentive: targets and outcomes (continued)

Options

Shareholders approved, each year at the Annual General Meeting, that the various plans would not activate unless a minimum average RoE of 5.5% per annum over the performance period has been achieved. The performance hurdle for vesting of the options was a 10% per annum compounding growth in EPS over the performance period.

EPS for the purposes of the hurdle will be calculated on the basis of post-acquisition purchase price allocation UNPAT post amortisation, divided by average equity during the year.

The options issued to Mr Kelaher in the 2012 financial year have been tested against the performance criteria. The Group did not satisfy the EPS growth condition and the options have not vested as a result. These options have therefore lapsed and will not be retested.

No further options were granted to Mr Kelaher during the financial year. Share options that do not vest will lapse and not be retested.

4.1.3 Change of control and cessation of employment

The Board has determined that, if there is a change of control, any unvested LTIs may vest subject to the approval of the Board. If the Board so determines, any unvested performance rights and share options may become exercisable.

Except where employment is terminated for serious misconduct, Mr Kelaher may be entitled to receive any LTIs that have vested as at the date of termination. On cessation of employment, unvested LTIs will be dealt with as follows:

Reason for termination	Treatment of unvested LTIs
Termination of employment by IOOF by notice	The Board has discretion to waive the performance hurdles or determine that the proportion (if any) of unvested LTIs that will vest
Termination of employment by IOOF for cause	Unvested performance rights and share options are forfeited
Resignation by Mr Kelaher	The Board has discretion to waive the performance hurdles or determine that the proportion (if any) of unvested LTIs that will vest
Dismissal for serious misconduct (eg fraud)	Unvested performance rights and share options are forfeited

4.1.4 Remuneration for the year ended 30 June 2015

The Board, on the recommendation of the Remuneration Committee, has increased the Managing Director's total fixed annual remuneration by 3.0% to $1,187,027 for the financial year commencing 1 July 2014.

STI terms will be the same as for the year ended 30 June 2014, with an opportunity of up to 100% of total fixed remuneration, with specific performance hurdles relating to: the continuing growth of the business, product development, achievement of management efficiencies, succession planning, profitability, compliance, risk management and corporate governance. The STI deferral arrangements remain unchanged with two thirds of the STI award to be paid in cash shortly after the performance assessment has been completed at year end, and one third will be used to purchase Company shares which will vest in July 2016 after a "look back" review.

4.2 Other Executive KMP remuneration

The remuneration of other Executive KMP is determined by the Managing Director and is approved by the Board.

Remuneration Report (continued)

4.2.1 Short term incentive: targets and outcomes

At the end of the performance period, their targets were assessed by the Managing Director and considered and approved by both the Remuneration Committee and the Board. The outcome of each assessment is set out below.

Key management personnel	TFR $	STI opportunity $	STI awarded $	% awarded in year	% forfeited in year
D Coulter	341,562	136,624	135,000	99%	1%
M Farrell	360,826	144,330	125,000	87%	13%
S Merlicek	397,782	397,782	200,000	50%	50%
R Mota	371,263	148,505	150,000	101%	0%
G Riordan	434,908	173,963	135,000	78%	22%

4.2.2 Long term incentive: targets and outcomes

A summary of the current performance rights and options on issue to key management personnel are as shown below. The performance rights are subject to a three year performance period commencing on the date of grant.

Year / Instru-ment	LTI target	Exercise price $	Grant date	Vesting date
2014 Rights	50% vest if the participant continues to be an employee of the IOOF Group at vesting date, 50% vest if the IOOF Group achieves TSR greater than median TSR of the S&P/ASX200(1)	$nil	21 Aug 13	30 Jun 16
2013 Rights	50% vest if the participant continues to be an employee of the IOOF Group at vesting date, 50% vest if the IOOF Group achieves TSR greater than median TSR of the S&P/ASX200(1)	$nil	20 Aug 12	30 Jun 15
2012 Rights	50% vest if the participant continues to be an employee of the IOOF Group at vesting date, 50% vest if the IOOF Group achieves TSR greater than median TSR of the S&P/ASX200(1)	$nil	03 May 12	30 Jun 14
2011 Options	Continuity of service	$6.14	29 Jul 10	01 Jul 13

(1) The TSR hurdle has progressive vesting on a straight line basis, such that 2% of LTI awards vest for each 1% ranking increase from 50th percentile. All vest if 75th percentile is achieved.

Remuneration Report (continued)

5. Remuneration tables

The following table sets out the remuneration received by the Managing Director and Executive KMP for the financial year ended 30 June 2014 and the comparative year. No termination benefits or other long term benefits were paid or payable in the current or comparative period.

		Short term employee benefits			Post-employ-ment	Share-based payment(3)		
		Salary & fees $	Bonus(1) $	Non-monetary(2) $	Super-annuation $	Options & Rights $	Total $	Cash Remun-eration(4) $
Managing Director								
C Kelaher	**2014**	**1,136,003**	**632,546**	**6,502**	**17,775**	**795,122**	**2,587,948**	**3,129,493**
	2013	1,106,230	404,172	10,398	16,470	1,198,100	2,735,370	2,835,862
Other executive key management personnel								
D Coulter	**2014**	**323,671**	**135,000**	**3,498**	**17,775**	**185,124**	**665,068**	**451,446**
	2013	315,004	110,000	4,730	16,470	344,887	791,091	626,984
M Farrell(5)	**2014**	**343,115**	**125,000**	**-**	**17,775**	**-**	**485,890**	**405,890**
	2013	202,826	45,000	-	11,402	-	259,228	214,228
S Merlicek	**2014**	**379,872**	**200,000**	**3,498**	**17,775**	**139,612**	**740,757**	**1,009,647**
	2013	369,564	150,000	3,997	16,470	279,971	820,002	386,034
R Mota	**2014**	**355,013**	**150,000**	**5,470**	**17,775**	**185,124**	**713,382**	**1,025,262**
	2013	344,516	110,000	4,580	16,470	289,834	765,400	585,952
G Riordan	**2014**	**417,210**	**135,000**	**-**	**17,775**	**185,225**	**755,210**	**1,242,814**
	2013	405,830	135,000	-	16,470	381,463	938,763	729,400
Total	**2014**	**2,954,884**	**1,377,546**	**18,968**	**106,650**	**1,490,207**	**5,948,255**	**7,264,552**
	2013	2,743,970	954,172	23,705	93,752	2,494,255	6,309,854	5,378,460

(1) The bonus reflects amounts provided under the short-term incentive program in relation to the financial year. One third of the bonus awarded to Mr Kelaher has been deferred into shares which will vest in July 2014, this component of the STI is included as a share-based payment. The expected payment value of the bonuses is the amount shown and includes any amounts that may be sacrificed into superannuation.

(2) Non-monetary benefits include company funded benefits and fringe benefits tax payable on those benefits, typically car parking.

(3) Share-based payments include accruals in relation to the Executive Performance Share Plan and accruals in relation to other grants of performance rights and options over shares in the Company. The value of the number of shares and options expected to vest has been apportioned over the term from grant date to vesting date.

(4) Cash remuneration includes all remuneration paid during the financial year including superannuation and STIs which were awarded for performance in previous financial years. In addition, any shares received by the KMP during the period are included at the value the shares were or could have been converted to cash on the date they were received. This value has been determined as the cash received by the employee where known or the closing share price on the date the shares were allocated to the KMP less any consideration paid.

(5) Mr Farrell was appointed on 15 October 2012 - the comparative remuneration is since this date.

5.1 Remuneration components as a percentage of total remuneration

Remuneration components (based on annualised amounts)								
Name	Fixed		Total Incentive Compensation Award		Total Remuneration		Options awarded as a component of Total Fixed Remuneration	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
C Kelaher	45	41	55	59	100	100	-	9
D Coulter	52	42	48	58	100	100	-	27
M Farrell	74	83	26	17	100	100	-	-
S Merlicek	54	48	46	52	100	100	-	18
R Mota	53	48	47	52	100	100	-	19
G Riordan	58	45	42	55	100	100	-	26

This table includes LTI compensation including options issued to the member of KMP, there is no adjustment made for options that are no longer in the money and are not exercised.

Remuneration Report (continued)

5.2 Deferred shares, options and performance rights over equity instruments granted as compensation during 2014

Details of deferred shares, options and performance rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period are as follows:

Name	Type of instrument	Number granted	Grant date	Vesting date	Instrument fair value	Vested during 2014
C Kelaher	LTI performance rights	100,000	26-Nov-13	30-Jun-16	$ 5.45	-
C Kelaher	STI deferred shares	36,217	30-Jun-14	01-Jul-15	$ 8.39	-
D Coulter	LTI performance rights	25,000	21-Aug-13	30-Jun-16	$ 6.07	-
G Riordan	LTI performance rights	25,000	21-Aug-13	30-Jun-16	$ 6.07	-
R Mota	LTI performance rights	25,000	21-Aug-13	30-Jun-16	$ 6.07	-

In addition to a continuing employment service condition, the ability to exercise the performance rights is conditional on the IOOF Group achieving certain performance hurdles. Details of the performance criteria are included in the performance rights hurdles at section 4 of the Remuneration Report.

5.3 Exercise of options granted as compensation

During the period, the following shares were purchased and issued on the exercise of options previously granted as compensation:

Key management personnel	Date exercised	Number of shares	Exercise price	Closing share price	Value of options
C Kelaher	07 Mar 14	79,156	$ 5.20	$ 9.44	335,621
R Mota	12 Sep 13	125,000	$ 6.14	$ 8.83	336,250
	28 Feb 14	75,000	$ 6.14	$ 9.00	214,500
S Merlicek	06 Sep 13	200,000	$ 6.14	$ 8.44	460,000
G Riordan	23 Dec 13	250,000	$ 6.14	$ 8.80	665,000

There are no unpaid amounts on the shares issued as a result of the exercise of the options during the period.
The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

5.4 Consequences of performance on shareholder wealth

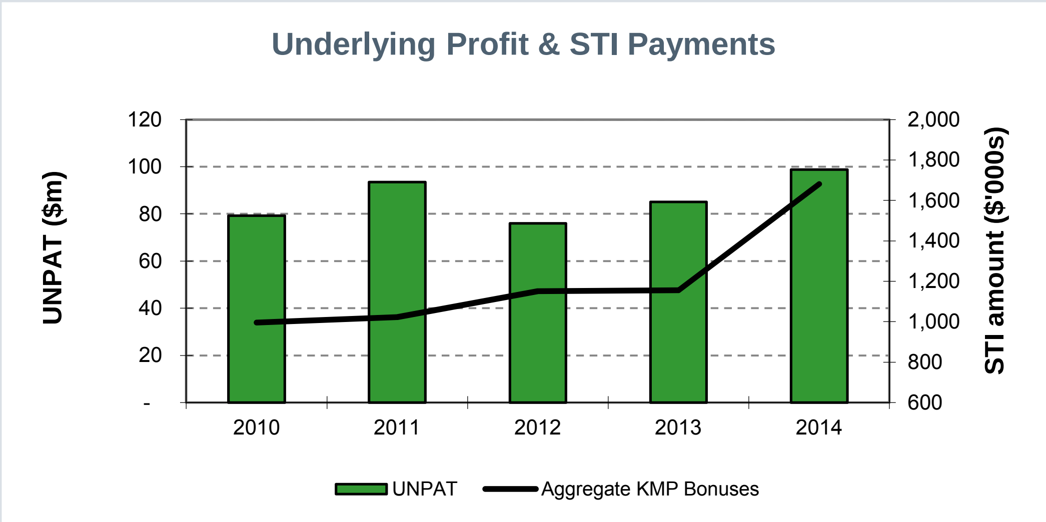
In considering the IOOF Group's performance and benefits for shareholder wealth, the Remuneration Committee has regard to the following indices in respect of the current financial year and the previous four financial years.

	2014	2013	2012	2011	2010
Profit attributable to owners of the Company ($'000s)	101,285	79,769	19,373	99,489	77,371
UNPAT post amortisation ($'000s)	98,777	85,152	76,041	93,470	79,261
UNPAT post amortisation EPS (cents per share)	42.6	36.7	32.8	40.5	34.5
UNPAT pre-amortisation ($'000s)(1)	123,047	108,756	96,393	111,450	97,166
UNPAT pre-amortisation EPS (cents per share)	53.1	46.9	41.6	48.3	42.3
Basic EPS (cents per share)	43.7	34.4	8.4	43.1	33.7
Share price at start of year	$7.36	$6.05	$6.60	$5.99	$4.04
Share price at end of year	$8.59	$7.36	$6.05	$6.60	$5.99
Change in share price	$1.23	$1.31	$(0.55)	$0.61	$1.95
Dividends per share (cents per share)	47.5	42.0	37.0	43.0	35.0
Return on equity (non-statutory measure)(2)	15.0%	13.2%	11.1%	12.9%	11.4%
Total STIs paid to key management personnel ($'000s)	1,681	1,156	1,151	1,022	995

(1) UNPAT pre-amortisation is reconciled to profit attributable to owners of the Company in the Operating and Financial Review at page 2 of the Directors' Report.

(2) Return on equity is calculated by dividing UNPAT pre-amortisation by average capital on issue during the year.

Remuneration Report (continued)



STI payments broadly conform to the IOOF Group's increased profitability and scale. As is consistent with the IOOF Group's adherence to effective cost management, STI levels from 2010 to 2014 have been constrained and recognise KPIs specific to individuals rather than being rigidly tied to enhanced profitability.

5.5 Key management personnel deferred shares, options and performance rights holdings

No terms of share-based payment transactions have been altered or modified during the current or the prior reporting period. No options are vested but not exercisable as at 30 June 2013 or 2014.

Details on deferred ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on deferred shares that vested during the reporting period are as follows:

Name	Type of instrument	Balance as at 1 Jul 13	Granted as compen-sation	Exercised	Forfeited/ Lapsed	Balance as at 30 Jun 14	Vested during the year
C Kelaher	2014 rights	-	100,000	-	-	100,000	-
	2013 rights	250,000	-	-	-	250,000	-
	2012 rights	150,000	-	-	(21,300)	128,700	-
	2011 rights	137,700	-	(68,850)	-	68,850	68,850
	2010 rights	75,000	-	(37,500)	-	37,500	37,500
	2014 deferred shares(1)	-	36,217	-	-	36,217	-
	2013 deferred shares	27,874	-	-	-	27,874	-
	2012 deferred shares	35,977	-	(35,977)	-	-	35,977
	2012 options	300,000	-	-	(300,000)	-	-
	2010 options	158,312	-	(79,156)	-	79,156	79,156
D Coulter	2014 rights	-	25,000	-	-	25,000	-
	2013 rights	25,000	-	-	-	25,000	-
	2012 rights	45,000	-	-	(3,195)	41,805	41,805
	2011 options	200,000	-	-	-	200,000	200,000
S Merlicek	2013 rights	25,000	-	-	-	25,000	-
	2012 rights	45,000	-	-	(3,195)	41,805	41,805
	2011 options	200,000	-	(200,000)	-	-	200,000
R Mota	2014 rights	-	25,000	-	-	25,000	-
	2013 rights	25,000	-	-	-	25,000	-
	2012 rights	45,000	-	-	(3,195)	41,805	41,805
	2011 options	200,000	-	(200,000)	-	-	200,000
G Riordan	2014 rights	-	25,000	-	-	25,000	-
	2013 rights	25,000	-	-	-	25,000	-
	2012 rights	45,000	-	-	(3,195)	41,805	41,805
	2011 options	250,000	-	(250,000)	-	-	250,000

(1) In July 2014, Mr Kelaher was awarded an STI amount of $911,323 for the 2014 financial year of which one-third was settled in the form of deferred shares. The number of deferred shares issued was 36,217 which will vest in July 2015.

Remuneration Report (continued)

5.6 Vesting profiles of deferred shares, options and performance rights

Details of vesting profiles of the deferred shares, options and performance rights granted as remuneration to each key management person of the IOOF Group are detailed below.

Name	Type of instrument	Exercise price	Number granted	Grant date	Financial years in which grant vests/vested
C Kelaher	2014 rights	$ -	100,000	26-Nov-13	2016
	2013 rights	$ -	250,000	27-Nov-12	2015
	2012 rights	$ -	150,000	01-Jul-11	2015 - 2017
	2011 rights	$ -	150,000	23-Nov-10	2014 - 2016
	2010 rights	$ -	150,000	27-Nov-09	2013 - 2015
	2014 deferred shares	$ -	36,217	30-Jul-14	2016
	2013 deferred shares	$ -	27,847	30-Jun-13	2015
	2012 deferred shares	$ -	35,977	30-Jun-12	2014
	2012 options	$ 6.81	300,000	01-Jul-11	2015 - 2017
	2011 options	$ 6.93	300,000	23-Nov-10	n/a
	2010 options	$ 5.20	316,624	27-Nov-09	2013 - 2015
D Coulter	2014 rights	$ -	25,000	21-Aug-13	2016
	2013 rights	$ -	25,000	20-Aug-12	2015
	2012 rights	$ -	45,000	03-May-12	2014
	2011 options	$ 6.14	200,000	29-Jul-10	2014
S Merlicek	2013 rights	$ -	25,000	20-Aug-12	2015
	2012 rights	$ -	45,000	03-May-12	2014
	2011 options	$ 6.14	200,000	29-Jul-10	2014
R Mota	2014 rights	$ -	25,000	21-Aug-13	2016
	2013 rights	$ -	25,000	20-Aug-12	2015
	2012 rights	$ -	45,000	03-May-12	2014
	2011 options	$ 6.14	200,000	29-Jul-10	2014
G Riordan	2014 rights	$ -	25,000	21-Aug-13	2016
	2013 rights	$ -	25,000	20-Aug-12	2015
	2012 rights	$ -	45,000	03-May-12	2014
	2011 options	$ 6.14	250,000	29-Jul-10	2014

The following series performance hurdles were tested during the financial year:

Name	Type of instrument	% vested in year	% forfeited in year(1)	Value of forfeited rights/ options(2)
C Kelaher	2012 deferred shares	100.0%	0.0%	-
	2011 rights	45.9%	4.1%	22,325
	2010 rights	25.0%	0.0%	-
D Coulter	2011 options	100.0%	0.0%	-
S Merlicek	2011 options	100.0%	0.0%	-
R Mota	2011 options	100.0%	0.0%	-
G Riordan	2011 options	100.0%	0.0%	-

(1) The percentage forfeited in the year represents the reduction from the maximum number of options or rights available to vest due to performance criteria not being achieved.
(2) The options that lapsed during the year were determined using a binomial option pricing model on grant date - representing the benefit foregone. The rights forfeited were valued using a monte carlo simulation valuation methodology at grant date.

Remuneration Report (continued)

5.7 Options and performance rights granted since the end of the financial year

The Remuneration Committee resolved on 10 June 2014 to offer the following performance rights to Executive KMP during July 2014:

Name	Type of instrument	Number granted	Vesting date	Exercise price $
D Coulter	LTI performance rights	25,000	01-Jul-17	$nil
M Farrell	LTI performance rights	25,000	01-Jul-17	$nil
S Merlicek	LTI performance rights	25,000	01-Jul-17	$nil
R Mota	LTI performance rights	25,000	01-Jul-17	$nil
G Riordan	LTI performance rights	25,000	01-Jul-17	$nil

In addition to continued service to the IOOF Group, the performance hurdle for the LTI plan has been linked to IOOF Group TSR compared to S&P ASX200 companies at the date of grant. TSR represents the change in the value of a share plus the value of dividends paid. TSR was chosen as the most appropriate comparative measure as it focuses on the delivery of shareholder value and is a well understood and tested metric of performance. The TSR will be tested over a three year performance period commencing 1 July 2014.

6. Summary of Executive Contracts

Remuneration and other terms of employment for the Managing Director and Executive KMP are formalised in employment contracts.

Details of the employment contracts, as applied during the financial year, are as follows:

Executive	Term	Termination notice period - IOOF[(1)(2)]	Termination notice period - Executive
C Kelaher	Ongoing	12 months	12 months
D Coulter	Ongoing	6 months	3 months
M Farrell	Ongoing	3 months	3 months
S Merlicek	Ongoing	6 months	3 months
R Mota	Ongoing	7 months	5 weeks
G Riordan	Ongoing	6 months	6 months

(1) Termination provisions - the IOOF Group may elect to make a payment in lieu of part or all of the notice periods, incorporating unpaid leave entitlements and pro-rated entitlement to STI (if applicable).

(2) The Board has discretion regarding treatment of unvested short and long-term incentives.

7. Shareholdings of Key Management Personnel

The relevant interest of each key management personnel in the shares issued by the Company, is as follows:

Ordinary shares		Balance at 1 July No.	Received on exercise of options No.	Received on vesting of rights No.	Net other change No.	Balance at 30 June [(1)] No.
Key Management Personnel of the Group						
D Coulter	**2014**	**238**	**-**	**-**	**-**	**238**
	2013	238	100,000	-	(100,000)	238
C Kelaher	**2014**	**4,558,943**	**79,156**	**142,327**	**-**	**4,780,426**
	2013	4,244,818	158,312	130,813	25,000	4,558,943
S Merlicek	**2014**	**-**	**200,000**	**-**	**(30,000)**	**170,000**
R Mota	**2014**	**38,103**	**200,000**	**-**	**(200,000)**	**38,103**
	2013	63,632	-	18,596	(44,125)	38,103
G Riordan	**2014**	**-**	**250,000**	**-**	**(250,000)**	**-**
	2013	-	100,000	-	(100,000)	-

(1) The equity holdings for the above individuals is inclusive of both direct and indirect shareholdings.

Remuneration Report (continued)

8. Non-Executive Directors' Remuneration

8.1 Objectives

An objective of the Remuneration Committee is to ensure the IOOF Group is able to retain and attract high calibre Non-Executive Directors, as members of Key Management Personnel. Non-Executive Directors are remunerated by way of fixed fees, including superannuation, and do not participate in remuneration programs designed to provide an incentive to Executive Directors and Executive KMP.

Non-Executive Directors' remuneration is independent of the IOOF Group's earnings or growth in shareholder value to encourage Non-Executive Directors to perform their roles independently of Executive KMP.

8.2 Terms of appointment

All Non-Executive Directors have letters of appointment detailing the terms under which they are engaged. The term of appointment for each is open-ended, subject to the provisions of the Corporations Act and the Company's Constitution. Under the Constitution, one-third of Directors must retire from office each year and may seek re-election by shareholders at the Annual General Meeting of the Company.

8.3 Components of Non-Executive Director remuneration

Non-Executive Directors are remunerated for their skilled input, time responsibilities and commitment to the IOOF Group through the payment of a fixed fee plus superannuation. The Non-Executive Directors do not receive any performance related remuneration. An additional fee is paid to the Chairperson of the Board. Non-Executive Directors do not receive additional fees for service on individual Board Committees or subsidiary companies.

Consistent with this approach the Chairperson of the IOOF Group assumed the role of Chairperson of Perennial Investment Partners Ltd in 2013 for which no additional fee has been paid. Previously this role was undertaken by a person who was independent of the Board and a separate fee was paid.

The Company's Constitution requires that the aggregate remuneration paid or provided to all Non-Executive Directors in any financial year by the Company, its subsidiaries and associated entities may not exceed an amount approved by shareholders. This ceiling amount includes all remuneration provided to Non-Executive Directors, including superannuation but not including retirement benefits. The current limit of $1,250,000 per annum was approved by shareholders at the 2013 Annual General Meeting.

The total fees paid to the Chairman and the Non-Executive Directors on the Board (including fees paid for their involvement on Board committees) are kept within the $1,250,000 fee pool approved by shareholders. Non-Executive Directors do not receive performance payments.

Elements	Details
Current Board fees	**2013/2014 Fees per annum were:** Board Chairperson fee $ 250,000 Board Non-Executive Director fee $ 150,000 Each of the Non-Executive Directors also hold Board positions on each of the following Australian Financial Services Licensed companies within the IOOF Group, IOOF Investment Management Ltd; Australian Executor Trustees Ltd; Questor Financial Services Ltd and IOOF Ltd. Each of these Boards meets at least four times per annum.
Deferred share purchase plan	The IOOF Group established a Deferred Share Purchase Plan for Non-Executive Directors to enable them, on a voluntary basis, to salary sacrifice a portion of annual fees in order to acquire shares monthly in the Company at market value on a tax deferred basis. As shares were purchased from remuneration foregone, they were not subject to performance conditions. Shares acquired under the Plan were purchased on market at the end of each month. All costs associated with the Plan are met by the Company. The following table sets out the number of shares acquired by the participating Director as at 30 June 2014 and the range of prices at which shares were acquired during the financial year ended 30 June 2014.

Name	Shares Acquired No.	Share price range at acquisition dates $	Total value $
J Harvey	685	$8.21 - $9.09	5,989

Remuneration Report (continued)

8.3 Components of Non-Executive Director remuneration (continued)

Elements	Details
Post-employment benefits	Superannuation contributions are made at a rate of 9.25% (up to the Government's prescribed maximum contributions limit) which satisfies the IOOF Group's statutory superannuation contributions and are included in the base fee.

The Board has withdrawn the retirement benefit from the potential remuneration for new Non-Executive Directors. The program continues for Directors appointed prior to 13 April 2003 to fulfil the terms of historical agreement. However the Chairperson has voluntarily agreed that the maximum payment available be capped at $475,000. This benefit provides for a cash based payment to Non-Executive Directors at the time of their retirement and, subject to the cap noted above, is calculated as follows:

Period of service as a Non-Executive Director	Benefit Value [1]
0 to < 3 years	Nil
3 to 5 years	AAE times 1.0
> 5 years to 10 years	AAE times 1.5
> 10 years	AAE times 2.0

[1] "AAE" = Annual Average Emoluments over the last 3 years of service to date of retirement.

The retirement benefits plan will remain in operation for Dr Sexton (being the only remaining participant) for the year ending 30 June 2015, subject to the maximum cap as above.

The accrued entitlement for current Non-Executive Directors under the retirement benefits plan as at 30 June 2014 was $417,809 attributable to Dr Sexton.

8.4 Remuneration table

		Short-term benefits			Post-employment benefits	Total Shareholder approved remuneration [3]	Post-employment benefits	
Non-Executive Directors		Directors fees [1] $	Shares [2] $	Non-monetary $	Superannuation $	$	Retirement benefits [4] $	Total $
R Sexton	**2014**	**231,694**	**-**	**-**	**17,775**	**249,469**	**76,667**	**326,136**
	2013	203,003	-	36	16,470	219,509	58,884	278,393
J Harvey	**2014**	**131,728**	**5,989**	**305**	**12,211**	**150,233**	**-**	**150,233**
	2013	105,357	29,692	206	9,482	144,737	-	144,737
I Griffiths	**2014**	**137,300**	**-**	**-**	**12,727**	**150,027**	**-**	**150,027**
	2013	132,672	-	-	11,940	144,612	-	144,612
G Venardos	**2014**	**137,211**	**-**	**-**	**12,718**	**149,929**	**-**	**149,929**
	2013	132,597	-	-	11,934	144,531	-	144,531
K White	**2014**	**118,200**	**-**	**-**	**10,933**	**129,133**	**-**	**129,133**
	2013	136,271	-	-	8,260	144,531	-	144,531
Total	**2014**	**756,133**	**5,989**	**305**	**66,364**	**828,791**	**76,667**	**905,458**
	2013	709,900	29,692	242	58,086	797,920	58,884	856,804

[1] Directors fees includes any fees sacrificed into superannuation funds.

[2] Shares represent Directors' fees sacrificed into the Non-Executive Director Deferred Share Purchase Plan.

[3] Shareholder Approved Remuneration amounted to $828,487 and was within the shareholder approved limit of $1,250,000 per annum.

[4] Non-Executive Directors appointed after 13 April 2003 are not entitled to retirement benefits. Non-Executive Directors appointed prior to this date accrue retirement benefits. Where entitled, the provision is based on the average emoluments of Non-Executive Directors over the previous three years' of service. The benefit accrues after three years of service and varies according to the number of years of service, reaching twice the average annual emoluments after ten years of service. Refer to 'retirement benefits' above for further details.

Remuneration Report (continued)

8.5 Shareholdings of Non-Executive Directors

The relevant interest of each Director in the shares issued by the Company, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act 2001 is as follows:

Name	Balance as at 1 Jul 2013	Shares from changes during the year[1]	Balance as at 30 Jun 2014[2]	Balance as at report sign-off date
I Griffiths	4,100,039	(190,000)	3,910,039	3,910,039
J Harvey	14,193	685	14,878	14,878
R Sexton	65,940	17,410	83,350	83,350
G Venardos	20,013	-	20,013	20,013
K White	80,000	-	80,000	n/a

(1) Shares from changes during the year include shares purchased via the Non-Executive Director Deferred Share Purchase Plan.
(2) The following shares (included in the holdings above) were held on behalf of the Non-Executive Directors (ie. indirect beneficially held shares) as at 30 June 2014: I Griffiths - 887,520; J Harvey - 14,878; K White - 80,000 and R Sexton - 61,037.

9. Payments to persons before taking office

No Director or member of senior management appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

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

This report is made with a resolution of the Directors:

Dr Roger Sexton AM
Chairman
22 August 2014

Directors' declaration

1. In the opinion of the Directors of the Company:

(a) the consolidated financial statements and notes set out on pages 35 to 84, and the Remuneration Report, set out on pages 10 to 30 in the Directors' Report, are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2014 and of their performance for the financial year ended on that date; and

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

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2014.

3. The Directors draw attention to section 7-2 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:

Dr Roger Sexton AM
Chairman
Melbourne
22 August 2014

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

To: the directors of IOOF Holdings Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 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

DM Waters
Partner

Melbourne

22 August 2014

Independent auditor's report to the members of IOOF Holdings Ltd

Report on the financial report

We have audited the accompanying financial report of IOOF Holdings Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 7-2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 7-2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 30 of the directors' report for the year ended 30 June 2014. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of IOOF Holdings Ltd for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

DM Waters
Partner

Melbourne

22 August 2014

Consolidated statement of comprehensive income

	Note	2014 $'000	2013 $'000
Revenue	2-2	740,214	685,711
Expenses	2-3	(603,398)	(579,206)
Life statutory revenue*	5-4	77,101	84,682
Life statutory expenses*	5-4	(58,074)	(65,115)
Share of profits of associates accounted for using the equity method (net of income tax)		7,464	7,700
Finance costs		(3,684)	(4,007)
Profit before income tax expense		159,623	129,765
Income tax (expense)/benefit - shareholder	2-5	(37,218)	(29,766)
Income tax (expense)/benefit - statutory*	5-4	(19,027)	(19,567)
Profit for the period		103,378	80,432
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of share buy back liability		(2,802)	645
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		3,624	1,852
Exchange differences on translating foreign operations		(11)	14
Income tax on other comprehensive income		(851)	(533)
Total items that may be reclassified subsequently to profit or loss		2,762	1,333
Other comprehensive income/(expense) for the period, net of income tax		(40)	1,978
Total comprehensive income for the period		103,338	82,410
Profit attributable to:			
Owners of the Company		**101,285**	**79,769**
Non-controlling interest		2,093	663
Profit for the period		103,378	80,432
Total comprehensive income attributable to:			
Owners of the Company		101,245	81,747
Non-controlling interest		2,093	663
Total comprehensive income for the period		103,338	82,410
Earnings per share:			
Basic earnings per share (cents per share)		43.7	34.4
Diluted earnings per share (cents per share)		43.1	34.1

Notes to the consolidated financial statements are included on pages 40 to 84.

*A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995. The funds operated by IOOF Ltd, and any trusts controlled by those funds, are treated as statutory funds in accordance with the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance with accounting standards and are shown separately from shareholder funds in the financial statements.

Consolidated statement of financial position

	Note	2014 $'000	2013 $'000
Assets			
Cash		109,505	98,252
Receivables	1-1(d)	80,393	69,653
Other financial assets	1-1(d)	35,961	27,243
Prepayments		12,669	15,189
Deferred acquisition costs		5,581	8,112
Equity-accounted investees	4-2	26,910	27,770
Property and equipment		10,959	11,626
Intangible assets	4-3	288,641	304,044
Goodwill	4-4	578,090	578,090
Assets relating to statutory funds	5-1	870,271	807,141
Total assets		**2,018,980**	**1,947,120**
Liabilities			
Payables	1-1(d)	60,085	57,109
Borrowings	3-1	111,059	106,615
Current tax liabilities		24,962	11,845
Contingent consideration	1-1(d)	2,157	4,402
Share buy-back liabilities	1-1(d)	26,629	25,857
Provisions	4-5	48,651	48,068
Deferred tax liabilities	2-5	53,713	58,308
Deferred revenue liability		5,901	8,552
Lease incentives		2,212	2,672
Liabilities relating to statutory funds	5-2	870,271	807,141
Total liabilities		**1,205,640**	**1,130,569**
Net assets		**813,340**	**816,551**
Equity			
Share capital	3-2	859,965	862,321
Reserves	3-4	(4,456)	(6,088)
Accumulated losses		(55,004)	(52,139)
Total equity attributable to equity holders of the Company		**800,505**	**804,094**
Non-controlling interest		12,835	12,457
Total equity		**813,340**	**816,551**

Notes to the consolidated financial statements are included on pages 40 to 84.

For the year ended 30 June 2014	Ordinary shares $'000	Treasury shares $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2013	869,269	(6,948)	(6,088)	(52,139)	804,094	12,457	**816,551**
Total comprehensive income for the period							
Profit for the period attributable to owners of the Company	-	-	-	101,285	101,285	2,093	**103,378**
Other comprehensive income for the year, net of income tax	-	-	(40)	-	(40)	-	**(40)**
Total comprehensive income for the period	-	-	(40)	101,285	101,245	2,093	**103,338**
Contributions by and (distributions to) owners							
Dividends to equity holders	-	-	-	(104,352)	(104,352)	(1,723)	**(106,075)**
Share-based payment expense	-	-	5,459	-	5,459	-	**5,459**
Proceeds from exercise of options under executive and employee share option plan	9,600	-	-	-	9,600	-	**9,600**
Transfer from employee equity-settled benefits reserve on exercise of options	3,585	-	(3,585)	-	-	-	**-**
Treasury shares transferred to employees during the period	(14,050)	14,050	-	-	-	-	**-**
On-market purchase of shares transferred to option and rights holders during the year	(320)	-	-	-	(320)	-	**(320)**
Transfer of lapsed share options to retained earnings	-	-	(202)	202	-	-	**-**
Purchase of treasury shares	-	(15,221)	-	-	(15,221)	-	**(15,221)**
Non-controlling interest in subsidiaries disposed	-	-	-	-	-	8	**8**
Total transactions with owners	(1,185)	(1,171)	1,672	(104,150)	(104,834)	(1,715)	**(106,549)**
Balance at 30 June 2014	868,084	(8,119)	(4,456)	(55,004)	800,505	12,835	**813,340**

Notes to the consolidated financial statements are included on pages 40 to 84.

For the year ended 30 June 2013

	Ordinary shares $'000	Treasury shares $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012	869,070	-	(9,486)	(47,138)	812,446	14,876	827,322
Total comprehensive income for the period							
Profit for the period attributable to owners of the Company	-	-	-	79,769	79,769	663	80,432
Other comprehensive income for the year, net of income tax	-	-	1,978	-	1,978	-	1,978
Total comprehensive income for the period	-	-	1,978	79,769	81,747	663	82,410
Transactions with owners, recorded directly in equity							
Contributions by and (distributions to) owners							
Dividends to equity holders	-	-	-	(87,020)	(87,020)	(1,230)	(88,250)
Share-based payment expense	-	-	5,657	-	5,657	-	5,657
Issue of shares on exercise of options under share option plan	3,186	-	-	-	3,186	-	3,186
Transfer from employee equity-settled benefits reserve on exercise of options	1,036	-	(1,036)	-	-	-	-
Treasury shares transferred to employees during the year	(4,169)	4,169	-	-	-	-	-
Performance rights vested during the year	926	-	(926)	-	-	-	-
Purchase of treasury shares	-	(11,117)	-	-	(11,117)	-	(11,117)
Purchase of shares transferred to employees during the year	(780)	-	-	-	(780)	-	(780)
Transfer of lapsed share options to retained earnings	-	-	(1,178)	1,178	-	-	-
Transfer of reserve to accumulated losses	-	-	(1,072)	1,072	-	-	-
Non-controlling interests acquired	-	-	(25)	-	(25)	(9)	(34)
Derecognition of non-controlling interest on disposal of subsidiary	-	-	-	-	-	(41)	(41)
Return of capital to non-controlling members of subsidiary entities	-	-	-	-	-	(1,802)	(1,802)
Total transactions with owners	199	(6,948)	1,420	(84,770)	(90,099)	(3,082)	(93,181)
Balance at 30 June 2013	869,269	(6,948)	(6,088)	(52,139)	804,094	12,457	816,551

Notes to the consolidated financial statements are included on pages 40 to 84.

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		765,661	717,687
Payments to suppliers and employees		(591,035)	(580,048)
Dividends from equity-accounted investees		5,890	6,481
Net stockbroking purchases		(103)	(4,369)
Termination and retention incentive payments		(4,880)	(6,356)
Income taxes paid		(36,447)	(53,045)
Net cash provided by/(used in) operating activities	**2-4**	139,086	80,350
Cash flows from investing activities			
Dividends and distributions received		1,138	492
Interest received		3,506	5,370
Acquisition of subsidiary, net of cash acquired		-	(39,982)
Acquisition transition costs		(1,789)	(838)
Interest and other costs of finance paid		(3,561)	(3,865)
Net proceeds on disposal of/(interests acquired in) interests in associates		2,569	(241)
Proceeds on disposal of intangible assets		1,431	191
Net proceeds from sales/(purchases) of financial assets		(4,731)	8,834
Payments for property and equipment		(3,402)	(1,850)
Amounts (advanced to)/borrowed from other entities		142	74
Payments for intangible assets		(13,536)	(10,136)
Net cash provided by/(used in) investing activities		(18,233)	(41,951)
Cash flows from financing activities			
Net borrowings drawn		4,421	49,053
Purchase of treasury shares		(15,541)	(11,896)
Proceeds from exercise of share options		9,600	3,186
Return of capital to non-controlling members of Group entities		-	(1,802)
Dividends paid:			
- members of the Company		(104,352)	(87,020)
- non-controlling members of subsidiary entities		(1,723)	(1,230)
- shareholders entitled to contractual share buy-back		(2,030)	(1,344)
- shareholders of Plan B Group Holdings Ltd		-	(2,453)
Net cash provided by/(used in) financing activities		(109,625)	(53,506)
Net increase/(decrease) in cash and cash equivalents		11,228	(15,107)
Cash and cash equivalents at the beginning of period		98,252	113,344
Effects of exchange rate changes on cash and cash equivalents		25	15
Cash and cash equivalents at the end of period		109,505	98,252

Notes to the consolidated financial statements are included on pages 40 to 84.

Section 1 - Risk management

The IOOF Group's activities expose it to a variety of financial and non-financial risks. Financial risks include market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Key financial exposures are operational risk and a failure to meet regulatory compliance obligations. The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks, and the methods used to measure them are detailed below.

1-1 Risk management

IOOF risk management framework

Risk is defined as the chance of an event occurring that will have an impact on the strategic or business objectives of the IOOF Group, including a failure to exploit opportunities. The IOOF Group's strategy to manage risk involves the identification of risks by type, consequence and likelihood, implementation of controls to mitigate risks, and continuous monitoring and improvement of the procedures in place.

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

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

Financial risk

The financial risk management objectives, policies and processes and the quantitative data about the exposure to risk at the reporting date, as set out in the remainder of this note, excludes the benefit funds and the controlled unit trusts. This is because the risks associated with financial instruments held by the benefit funds and controlled trusts are borne by the policyholders and members of those funds and trusts, and not the shareholders of the IOOF Group. There is no direct impact on the net profit or the equity of the IOOF Group as a consequence of changes in markets as they apply to financial instruments held by those funds and trusts at the reporting date.

Similarly the objectives, policies and processes for managing the risks of the IOOF Group are separate and distinct from those for the benefit funds and trusts. The funds and trusts are managed under extensive regulatory requirements, and in accordance with specific investment guidelines, risk management strategies, risk management plans, and product disclosure statements. The IOOF Group is managed under a set of separate corporate policies and review processes that are directed toward the interests of the shareholders of the IOOF Group.

Information in relation to financial risks associated with the benefit funds and controlled trusts is available in their Product Disclosure Statements and the individual annual financial reports of those trusts.

Further information in relation to the Australian Accounting Standards requirement to consolidate the benefit funds and controlled trusts in the consolidated financial statements of the IOOF Group is available in Note 7-3(a) Basis of consolidation.

Section 1 - Risk management

1-1 Risk management (continued)

(a) Market risk

(i) Price risk
Price risk is the risk that the fair value or future earnings of a financial instrument will fluctuate because of changes in market prices (other than from interest rate risk or currency risk, as described later). The financial instruments managed by the IOOF Group that are impacted by price risk consist of investment units held in trusts, available for sale financial assets and the share buy-back liability.

The price risk associated with the units held in trusts is that the fair value of those units will fluctuate with movements in the redemption value of those units, which in turn is based on the fair value of the underlying assets held by the trusts. The price risk of a foreign unit trust investment was managed by entering into over-the-counter foreign exchange and index swaps. The investment fund has been redeemed, and the associated swaps were therefore terminated, after balance sheet date. Available for sale financial assets are exposed to price risk as the share price fluctuates.

The share buy-back liability recorded at balance date is reflective of the fair value of the underlying shares of certain Perennial subsidiaries. The price risk associated with this liability is that the fair value of the particular equities could change as a result of a change in the projected profitability of those subsidiaries. It is considered impractical to manage the price risk associated with this liability, and it is worth noting that the more successful the IOOF Group is in growing its business in the relevant sectors, the greater this liability will grow (all other things being equal).

IOOF Group sensitivity
At 30 June 2014 had the price of the units / shares held by the IOOF Group in unlisted unit trusts / shares in other entities increased / decreased by 1% (2013: 1%) with all other variables held constant, post-tax profit for the year would increase / decrease by $40,000 (2013: $2,000) as a result of gains / losses recorded through profit or loss, and available-for-sale reserves would increase / decrease by $89,000 (2013: $63,000).
At 30 June 2014, had the value of the underlying equity in relation to the share buy-back liabilities increased/decreased by 1% (2013: 1%) with all other variables held constant, consolidated equity would decrease/increase by $266,000 (2013: $259,000).

(ii) Foreign exchange risk
The IOOF Group is exposed to insignificant foreign exchange risk in relation to the financial instruments of its foreign activities in New Zealand and Hong Kong (2013: $nil).

(iii) Cash flow and fair value interest rate risk
Interest rate risk is the risk to the IOOF Group's earnings and capital arising from changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of cash, loans, and borrowings.
Short and long-term investment mixes and loans to related entities are influenced by liquidity policy requirements. Interest rates (both charged and received) are based on market rates, and are closely monitored by management. They are primarily at variable rates of interest, and expose the IOOF Group to cash flow interest rate risk.
Management regularly assesses the appropriateness of the investment of surplus funds with the objective of maximising returns, within investment guidelines acceptable to the Board.
There is limited exposure to fair value interest rate risk because of the relatively short time frame of any fixed rate investments and borrowings.

IOOF Group sensitivity
At 30 June 2014, if interest rates had changed by +/- 100 basis points (2013: +/- 100 basis points) from the year-end rates with all other variables held constant, post tax profit for the year would have been $704,000 higher/lower (2013: $653,000 higher/lower). Equity would have been higher/lower by the same amount.

Section 1 - Risk management

1-1 Risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the IOOF Group. Credit risk arises for the IOOF Group from cash, receivables and loans.

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

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

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets as summarised in the table included in this note below. The IOOF Group does not hold any significant collateral as security over its receivables and loans, apart from its recourse to certain shares in subsidiaries in relation to loans to executives of subsidiaries.

There are no significant concentrations of credit risk within the IOOF Group.

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

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

Impaired receivables

As at 30 June 2014, no receivables of the IOOF Group were past due or impaired (2013: $nil). The amount of the impairment provision was nil (2013: $nil).

(c) Statutory Fund Risk

Financial risks are monitored and controlled by selecting appropriate assets to back policy liabilities. The assets are regularly monitored by the Investment Committee to ensure there are no material exposures and that liability mismatching issues and other risks such as liquidity risk and credit risk are maintained within acceptable limits.

Refer to Section 5 - Statutory funds for further details.

The IOOF Group's friendly society operations are subject to regulatory capital requirements which prescribe the amount of capital to be held depending on the type, quality and concentration of investments held. Procedures are in place to monitor compliance with these requirements.

(d) Liquidity risk

Liquidity risk relates to the IOOF Group having insufficient liquid assets to cover current liabilities and unforeseen expenses. The IOOF Group maintains a prudent approach to managing liquidity risk exposure by maintaining sufficient liquid assets and an ability to access a committed line of credit. It is managed by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of financial assets and liabilities. Temporary surplus funds are invested in highly liquid, low risk financial assets.

The IOOF Group had access to un-drawn bank borrowing facilities at the balance date, on the terms described and disclosed in section 3-1 Borrowings. The liquidity requirements for licensed entities in the IOOF Group are regularly reviewed and carefully monitored in accordance with those licence requirements.

Section 1 - Risk management

1-1 Risk management (continued)

(d) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyse the IOOF Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed therein are the contractual undiscounted cash flows. Statutory funds are excluded on the basis that monies held in the benefit funds and controlled trusts are held for the benefit of the members of those funds, and are not available to shareholders or creditors.

2014	Carrying amount $'000	Contractual cash flows <3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000
Financial liabilities						
Payables	59,923	59,923	-	-	-	59,923
Payables to statutory benefit funds and other related parties	162	162	-	-	-	162
Total payables	60,085	60,085	-	-	-	60,085
CBA facilities	110,000	35,000	55,000	20,000	-	110,000
Finance lease liabilities	1,059	149	448	524	-	1,121
Total borrowings	111,059	35,149	55,448	20,524	-	111,121
Contingent consideration	2,157	433	300	1,600	-	2,333
Share buy-back liabilities	26,629	-	-	-	26,629	26,629
	199,930	95,667	55,748	22,124	26,629	200,168
Financial assets available to meet the above financial liabilities						
Cash	109,505	109,505	-	-	-	109,505
Receivables	75,027	73,886	-	1,141	-	75,027
Security bonds	5,366	-	-	-	5,366	5,366
Total receivables	80,393	73,886	-	1,141	5,366	80,393
Fair value through profit or loss						
Certificates of deposit	125	125	-	-	-	125
Shares in listed companies	401	401	-	-	-	401
Unlisted unit trusts	5,260	-	-	5,260	-	5,260
Foreign exchange and index swap	87	87	-	-	-	87
Available-for-sale investments	12,653	-	-	-	12,653	12,653
Loans and other receivables						
Loans to directors and executives	10,282	-	-	-	10,282	10,282
Seed capital receivable	7,153	-	-	-	7,153	7,153
Total other financial assets	35,961	613	-	5,260	30,088	35,961
	225,859	184,004	-	6,401	35,454	225,859
Net financial assets/(liabilities)	25,929	88,337	(55,748)	(15,723)	8,825	25,691

Section 1 - Risk management

1-1 Risk management (continued)

(d) Liquidity risk (continued)

2013	Carrying amount $'000	Contractual cash flows <3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000
Financial liabilities						
Payables	50,250	6,910	43,340	-	-	50,250
Payables to statutory benefit funds and other related parties	6,859	-	6,859	-	-	6,859
Total payables	57,109	6,910	50,199	-	-	57,109
CBA facilities	105,000	15,000	-	90,000	-	105,000
Finance lease liabilities	1,615	203	456	956	-	1,615
Total borrowings	106,615	15,203	456	90,956	-	106,615
Contingent consideration	4,402	2,252	390	1,413	-	4,055
Share buy-back liabilities	25,857	-	-	-	25,857	25,857
	193,983	24,365	51,045	92,369	25,857	193,636
Financial assets available to meet the above financial liabilities						
Cash	98,252	98,252	-	-	-	98,252
Receivables	64,286	62,740	-	1,546	-	64,286
Security bonds	5,367	-	-	5,367	-	5,367
Total receivables	69,653	62,740	-	6,913	-	69,653
Fair value through profit or loss						
Certificates of deposit	203	24	179	-	-	203
Shares in listed companies	209	-	-	-	209	209
Unlisted unit trusts	257	-	257	-	-	257
Available-for-sale investments	9,029	-	-	-	9,029	9,029
Loans and other receivables						
Loans to directors and executives	10,392	-	-	-	10,392	10,392
Seed capital receivable	7,153	-	-	-	7,153	7,153
Total other financial assets	27,243	24	436	-	26,783	27,243
	195,148	161,016	436	6,913	26,783	195,148
Net financial assets/(liabilities)	1,165	136,651	(50,609)	(85,456)	926	1,512

(e) Accounting policies and fair value estimation

Non-derivative financial assets

The IOOF Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the date at which the IOOF Group becomes a party to the contractual provisions of the instrument.

The IOOF Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the IOOF Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when and only when, the IOOF Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Section 1 - Risk management

1-1 Risk management (continued)

(e) Accounting policies and fair value estimation (continued)

The IOOF Group has the following non-derivative financial assets:

- cash;
- financial assets at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

Cash

Cash includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the IOOF Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the IOOF Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Units in unlisted trusts are carried at the current unit price for redemption of those units with the trust.
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the closing price.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the IOOF Group provides money, assets, or services directly to a debtor with no intention of selling the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and other receivables are carried at amortised cost using the effective interest method and closely approximate their estimated fair value due to their short-term nature.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets comprising principally marketable equity securities that are either designated in this category or are not classified in any of the other categories of financial instruments. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the available-for-sale investment revaluation reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Non-derivative financial liabilities

The IOOF Group initially recognises financial liabilities on the date at which the IOOF Group becomes a party to the contractual provisions of the instrument. The IOOF Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the IOOF Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The IOOF Group has the following non-derivative financial liabilities:

- payables;
- borrowings (including finance leases); and
- other financial liabilities (including share buy-back liabilities and contingent consideration).

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Payables

The carrying value of payables are assumed to approximate their fair values due to their short-term nature.

Borrowings and finance leases

Borrowings and finance leases are further explained in section 3-1 Borrowings.

Section 1 - Risk management

1-1 Risk management (continued)

(e) Accounting policies and fair value estimation (continued)

Share buy-back liabilities

The IOOF Group is required to buy back vested shares held by executives of some Perennial Group subsidiaries in the event of the death of those serving executives. Hence the probability of the total liability becoming payable in any individual financial year is low. In addition, there are provisions that enable executives to put back their shares to the IOOF Group, but the maximum the IOOF Group is obliged to purchase in any individual financial year is capped at 10% of the class of shares of the relevant subsidiary per annum. No contractual obligation exists in respect of these put options until a notice is received from an executive. As at balance date, one notice had been received. The Perennial group subsequently bought back shares in a subsidiary for total consideration of $975,000.

Purchase commitments to reacquire interests from non-controlling shareholders are accounted for in accordance with AASB 132 *Financial Instruments: Presentation* which specifies that an obligation for an entity to purchase its own equity instruments for cash gives rise to a financial liability.

The above liabilities are recorded at fair value and changes therein, are recognised in other comprehensive income and presented within equity in the share buy-back revaluation reserve. Determination of fair value has required assumptions concerning future growth, discount rates and fund flows.

The fair value is determined using valuation techniques irrespective of the probability of the exercise of the right by non-controlling shareholders. Discounted cash flow valuation models have been established in consultation with professional accounting firms, using generally accepted valuation methodologies. These include estimated discounted cash flows. Certain assumptions are made that are based on market conditions existing at each balance date. Assumptions used included terminal growth rates of 3-3.3% which do not exceed the long-term average growth rate for each of the businesses and pre-tax discount rates in the range of 12-15%. The estimated fair values resulting from the valuation techniques are reasonable and the most appropriate at the balance date.

Contingent consideration

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

1-2 Capital risk management

The IOOF Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal structure to reduce the cost of capital.

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

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

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

- bank bills and deposits;
- subsidiaries;
- available-for-sale assets;
- unit trusts, as investments; and
- Group operated unit trusts, as seed capital.

The investment capital is available to support the organic development of new businesses and products and to respond to investment and growth opportunities such as acquisitions, as they arise. The seed capital is primarily available to support the business in establishing new products and is also used to support capital adequacy requirements of the benefit funds.

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

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

Section 1 - Risk management

1-2 Capital risk management (continued)

Each subsidiary manages its own capital required to support planned business growth and meet regulatory requirements. Australian Prudential Regulation Authority (APRA) regulated subsidiaries have their own capital management plan which specifically addresses the regulatory requirements of that entity and sets a target surplus over minimum regulatory requirements. Regular monitoring of regulatory requirements ensures sufficient capital is available and appropriate planning is made to retain target surpluses. IOOF Holdings Ltd is primarily the provider of equity capital to its subsidiaries. Such investment is funded by IOOF Holding Ltd's own investment capital, through capital issues, profit retention and, in some instances, by debt.

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

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

The weighted average cost of capital is regularly monitored. Funding decisions take into consideration the cost of debt versus the cost of equity with emphasis on the outcome that is best for shareholder interests.

During 2014, the Group's capital risk management strategy was unchanged from 2013.

Further information in relation to capital adequacy requirements imposed by the Life Insurance Act is provided in section 5-7 Capital adequacy position.

1-3 Financial Instruments

Fair value hierarchy

The fair values of financial assets and liabilities are equal to the carrying amounts shown in the statement of financial position with the exception of finance lease liabilities which are disclosed in note 3-1 Borrowings.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted closing prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total
Financial assets measured at fair value				
Available-for-sale investments	12,653	-	-	12,653
Certificates of deposit	125	-	-	125
Shares in listed companies	401	-	-	401
Unlisted unit trusts	-	5,260	-	5,260
Foreign exchange and index swap	-	87	-	87
	13,179	5,347	-	18,526
Financial liabilities measured at fair value				
Share buy-back liabilities	-	-	26,629	26,629
	-	-	26,629	26,629

Section 1 - Risk management

1-3 Financial Instruments (continued)

30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total
Financial assets measured at fair value				
Available-for-sale investments	9,029	-	-	9,029
Certificates of deposit	203	-	-	203
Shares in listed companies	209	-	-	209
Unlisted unit trusts	-	257	-	257
	9,441	257	-	9,698
Financial liabilities measured at fair value				
Share buy-back liabilities	-	-	25,857	25,857
	-	-	25,857	25,857

The IOOF Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 30 June 2014.

Level 2 fair values
Level 2 fair values for the over-the-counter foreign exchange and index swap are provided by the counterparty and verified by the IOOF Group. Fair values are derived from published market indices and include adjustments to take account of the credit risk of the IOOF Group entity and counterparty.

Level 3 fair values
The fair value of level 3 share buy-back liabilities is determined using valuation techniques in consultation with professional accounting and specialist valuation firms, using generally accepted valuation methodologies. Refer to section 1-1(e) for further information.

Reconciliation of movements in level 3 financial liabilities	Share buy-back liabilities 2014 $'000	Share buy-back liabilities 2013 $'000
Opening balance as at 1 July	25,857	27,846
Dividends paid to shareholders entitled to contractual share buy-back	(2,030)	(1,344)
Revaluation of shareholder liabilities in other comprehensive income	2,802	(645)
Closing balance as at 30 June	26,629	25,857

Section 2 - Results for the year

This section focuses on the results and performance of the IOOF Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, taxation and earnings per share.

2-1 Operating segments

An operating segment is a component of the IOOF Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the IOOF Group's other components. All operating segments' operating results are regularly reviewed by the IOOF Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating segments offer different products and services, and are managed separately because they require different technology and marketing strategies. The principal products and services of each of these operating segments units are as follows:

Platform management and administration
The provision of administration and management services through master trust platforms, which offer a single access point to a range of investment products.

Investment management
The management and investment of monies on behalf of corporate, superannuation, institutional clients and private individual investor clients. Investment management segment includes revenue and results of the Perennial Group.

Financial advice and distribution
The provision of financial planning advice and stockbroking services supported by services such as investment research, training, compliance support and access to financial products.

Trustee services
The provision of estate planning, trustee, custodial, agency and estate administration services to clients.

Corporate and other
Corporate and other costs include those of a strategic, shareholder or governance nature incurred in carrying on business as a listed entity managing multiple business units.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Reconciliation of reportable segment revenues and expenses

Revenues	2014 $'000	2013 $'000
External management and service fee revenue	628,077	582,936
External other fee revenue	27,636	27,584
Stockbroking revenue	74,334	64,429
Other external revenue	4,200	4,778
Finance income	5,967	5,984
Total revenue	740,214	685,711

Expenses	2014 $'000	2013 $'000
Service fees and other direct costs	263,510	244,319
Stockbroking service fees expense	42,923	38,264
Deferred acquisition costs	2,577	5,786
Operating expenditure	259,373	252,547
Share-based payments expense	5,459	5,657
Depreciation and amortisation	29,556	28,055
Impairment	-	4,578
Total expenses	603,398	579,206

Section 2 - Results for the year

2-1 Operating segments (continued)

	Platform management and administration		Investment management		Financial advice and distribution		Trustee services		Corporate and other		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
External management and service fee revenue	379,409	346,372	131,498	123,284	94,815	92,955	22,355	20,325	-	-	628,077	582,936
External other fee revenue	9,371	8,864	1,867	6,053	12,708	9,232	3,365	3,091	325	344	27,636	27,584
Service fees and other direct costs	(108,718)	(88,609)	(51,379)	(51,885)	(103,610)	(103,980)	(57)	163	254	(8)	(263,510)	(244,319)
Deferred acquisition costs	(1,966)	(2,690)	-	-	(611)	(3,096)	-	-	-	-	(2,577)	(5,786)
Gross Margin	**278,096**	**263,937**	**81,986**	**77,452**	**3,302**	**(4,889)**	**25,663**	**23,579**	**579**	**336**	**389,626**	**360,415**
Stockbroking revenue	-	-	-	-	74,334	64,429	-	-	-	-	74,334	64,429
Stockbroking service fees expense [(ii)]	-	-	-	-	(42,923)	(38,264)	-	-	-	-	(42,923)	(38,264)
Stockbroking net contribution	**-**	**-**	**-**	**-**	**31,411**	**26,165**	**-**	**-**	**-**	**-**	**31,411**	**26,165**
Inter-segment revenue [(i)]	-	-	-	-	69,247	74,715	272	-	137	137	69,656	74,852
Inter-segment expenses [(i)]	(68,944)	(73,798)	(509)	(741)	(172)	(113)	-	(200)	(31)	-	(69,656)	(74,852)
Net Operating Revenue	**209,152**	**190,139**	**81,477**	**76,711**	**103,788**	**95,878**	**25,935**	**23,379**	**685**	**473**	**421,037**	**386,580**
Other external revenue	-	-	2,037	2,078	1,752	2,542	-	-	411	158	4,200	4,778
Finance income	-	-	273	760	1,916	1,504	-	-	3,778	3,720	5,967	5,984
Inter-segment revenue [(i)]	-	-	-	-	254	212	-	-	-	-	254	212
Share of net profits of associates	16	(21)	6,150	6,696	1,298	1,025	-	-	-	-	7,464	7,700
Operating and other expenditure	(90,208)	(85,344)	(37,730)	(38,365)	(75,068)	(73,294)	(16,831)	(15,458)	(39,536)	(40,086)	(259,373)	(252,547)
Share-based payments expense	(947)	(1,251)	(410)	(896)	(3,133)	(2,144)	(34)	41	(935)	(1,407)	(5,459)	(5,657)
Finance costs	-	-	(325)	(366)	(71)	(110)	-	-	(3,288)	(3,531)	(3,684)	(4,007)
Inter-segment expenses [(i)]	(130)	(30)	(75)	(30)	-	-	-	-	(49)	(152)	(254)	(212)
Impairment	-	-	-	(4,578)	-	-	-	-	-	-	-	(4,578)
Depreciation and amortisation	(15,132)	(14,585)	(2,782)	(2,811)	(9,821)	(10,124)	(133)	(135)	(1,688)	(400)	(29,556)	(28,055)
Reportable segment profit before income tax	**102,751**	**88,908**	**48,615**	**39,199**	**20,915**	**15,489**	**8,937**	**7,827**	**(40,622)**	**(41,225)**	**140,596**	**110,198**

(i) Segment revenues, expenses and results include transfers between segments. Such transfers are priced on a commercial basis and are eliminated on consolidation.

(ii) Due to further reclassifications of expenses the isolation of stockbroking service fees expense shown above is not consistent with that published for the year ended 30 June 2013 ($24,172). The comparable stockbroking service fees expense for the year ended 30 June 2013 is $38,264.

Section 2 - Results for the year

The significant accounting policies which apply to the major revenue and expense items below follow each of the notes. More general information on how these are recognised/measured in note 7-2 *Basis of preparation*.

2-2 Revenue

	Policy note	2014 $'000	2013 $'000
Management and service fees revenue	(i)	628,077	582,936
Stockbroking revenue	(ii)	74,334	64,429
Other fee revenue	(ii)	27,636	27,584
Finance income	(iii)		
Interest income on loans to Directors of controlled and associated entities		410	408
Interest income from non-related entities		3,037	4,406
Dividends and distributions received		1,138	594
Net fair value gains/(losses) on other financial assets at fair value through profit or loss		(283)	240
Profit on sale of assets		1,665	336
		5,967	5,984
Other revenue			
Service revenue charged to related parties		1,937	2,027
Other		2,263	2,751
		4,200	4,778
Total revenue		740,214	685,711

Accounting policies

Revenue is measured at the fair value of the consideration received or receivable.

(i) Management and service fees revenue

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

Management and service fees revenue from the provision of financial advisory services together with revenue from the rendering of services are recognised at the time the service is provided.

(ii) Other fee revenue and stockbroking revenue

Other fee revenue and stockbroking revenue from the rendering of services are recognised at the time the service is provided.

(iii) Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the IOOF Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Upfront service fees

Upfront service fees are recorded as deferred revenue and recognised on a straight-line basis over a period that is reflective of the continued service provided. The period of amortisation is based on historical experience and varies between products on offer. The current deferral period is between 5 and 7 years. These upfront service fees are recorded as a deferred revenue liability within other liabilities in the consolidated statement of financial position.

Section 2 - Results for the year

2-3 Expenses

	Policy note	2014 $'000	2013 $'000
Service Fees and other direct costs	(i)		
Service and marketing fees expense		251,052	231,910
Stockbroking service fees expense [(1)]		42,923	38,264
Other direct costs		12,458	12,409
		306,433	282,583
Operating expenditure			
Salaries and related employee expenses	(ii)	152,156	144,692
Employee defined contribution plan expense	(iii)	10,688	9,753
Information technology costs		39,049	35,928
Professional fees		5,287	5,331
Marketing		9,065	9,756
Office support and administration		14,865	15,088
Occupancy related expenses		16,246	15,555
Travel and entertainment		5,154	5,564
Other		113	51
		252,623	241,718
Other expenses			
Share-based payments expense	(iv)	5,459	5,657
Acquisition transition costs		1,789	838
Termination and retention incentive payments	(v)	4,880	6,534
Depreciation of property and equipment		4,086	4,451
Amortisation of intangible assets	(vi)	24,270	23,604
Amortisation of intangible assets - IT development	(vi)	1,200	-
Loss on disposal of non-current assets		81	495
Impairment	(vi)	-	4,578
Recognition of Plan B onerous lease contracts		-	2,962
Deferred acquisition costs	(vii)	2,577	5,786
		44,342	54,905
Total expenses		603,398	579,206

(1) Due to further reclassifications of expenses the isolation of stockbroking service fees expense shown above is not consistent with that published for the year ended 30 June 2013 ($24,172). The comparable stockbroking service fees expense for the year ended 30 June 2013 is $38,264.

Accounting policies

Expenses are recognised at the fair value of the consideration paid or payable for services received, further specific expense policies are listed below.

(i) Service Fees and other direct costs

Service fees and other direct costs include amounts paid to advisers, dealer groups and other suppliers in the course of operating and marketing products and services of the IOOF Group. Examples of direct costs include custodian fees, audit services and the printing and mailing of client statements and other communications. The values are recognised at the fair value of the consideration paid or payable for the goods or services received.

(ii) Salaries and related employee expenses

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid if the IOOF Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term incentive plans
A provision for employee benefits in the form of an incentive plan is recognised when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:
● there are formal terms in the plan for determining the amount of the benefit;
● the amounts to be paid are determined before the time of completion of the financial report; or
● past practice gives clear evidence of the amount of the obligation.

Section 2 - Results for the year

2-3 Expenses (continued)

Accounting policies (continued)

Retirement benefit obligations
Retirement benefits are paid to Non-Executive Directors appointed prior to 13 April 2003 to fulfil the terms of historical agreements. This benefit provides for a cash based payment to Non-Executive Directors at the time of their retirement. The retirement benefit obligation is measured on an undiscounted basis and is expensed as the related service is provided.

Other long-term employee benefits
The IOOF Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs.
Liabilities for long-term benefits that are expected to be settled beyond 12 months are discounted using rates attaching to Commonwealth Government securities which most closely match the terms of maturity of the related liabilities at balance date.
In determining the liability for employee entitlements, consideration is given to future increases in wage and salary rates, experience with employee departures and periods of service.

(iii) Employee defined contribution plan expense
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Share-based payment transactions
The grant-date fair value of share-based payment awards granted to employees is recognised as a share-based payment expense, with a corresponding increase in the share-based payments reserve, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date.
For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.
The fair value at grant date is independently determined where considered appropriate. The option pricing model used takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.
Shares held by the Trust will contribute to the employee allocation of shares on satisfaction of vesting performance hurdles. The IOOF Group has no right to recall placed shares. However, a subsidiary company acts as the Trustee of the Trust, and can direct the voting rights of shares held and strategic direction.
Shares in the Company held by the Trust are classified and disclosed as Treasury shares, and deducted from share capital. Dividends received by the Trust are recorded as dividend income in the financial statements of the Trust and are eliminated on consolidation.
Non-Executive Directors have the opportunity to participate in the IOOF Deferred Share Purchase Plan. The plan provides a facility for Non-Executive Directors to salary sacrifice base salary or future incentive entitlements in order to acquire shares. As the purchase is funded by Directors' salary sacrifice, no additional expense is recorded by the IOOF Group.

(v) Termination and retention incentive payments
Termination benefits or redundancy costs are recognised as an expense when the IOOF Group is committed demonstrably, without realistic opportunity of withdrawal, to a formal detailed plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(vi) Amortisation and impairment
The value of intangible assets, with the exception of goodwill, reduces over the number of years the IOOF Group expects to use the asset, the useful economic life, via an annual amortisation charge to profit and loss.
Where there has been a technological change or decline in business performance the Directors review the value of assets to ensure they have not fallen below their amortised value. Should an asset's value fall below its amortised value an additional one-off impairment charge is made against profit.

Section 2 - Results for the year

2-3 Expenses (continued)

Accounting policies (continued)

(vii) Deferred acquisition costs
Deferred acquisition costs relate to service fees paid, and are deferred as an asset in recognition that they relate to a future economic benefit. Deferred acquisition costs are initially measured at historical cost and are written down immediately to their recoverable amount if the carrying amount is greater than its estimated recoverable amount. Deferred acquisition costs are progressively amortised in profit or loss by a systematic allocation over the period of time the future economic benefits are expected to be received. The amortisation period is between 5 and 7 years.

2-4 Net cash provided by operating activities

This note reconciles the operating profit to the cash provided by operating activities per the cash flow statement.

	2014 $'000	2013 $'000
Profit for the period	103,378	80,432
Depreciation on property and equipment	4,086	4,451
Amortisation of intangible assets	25,470	23,604
(Profit)/loss on disposal of assets	(1,729)	(225)
Interest and other costs of finance	3,684	4,011
Interest received and receivable	(3,447)	(4,814)
Dividends and distributions received and receivable	(1,138)	(594)
Impairment	-	4,578
Dividends received from associates	5,890	6,481
Share of profits of associates accounted for using the equity method	(7,464)	(7,700)
Share-based payments expense	5,459	5,657
Acquisition transition costs	1,789	838
Foreign currency gains	(15)	-
Income tax attributable to available-for-sale investments	-	(236)
Other	25	-
Changes in net operating assets and liabilities:		
(Increase)/decrease in receivables	(16,995)	555
(Increase)/decrease in other assets	2,521	(4,342)
(Increase)/decrease in other financial assets	53	7,894
(Increase)/decrease in deferred acquisition costs	2,531	2,991
Increase/(decrease) in payables	10,046	(14,603)
Increase/(decrease) in deferred revenue liabilities	(2,650)	(2,835)
Increase/(decrease) in provisions	170	5,227
Increase/(decrease) in income tax payable	13,113	(27,074)
Increase/(decrease) in other liabilities	(99)	(112)
Increase/(decrease) in deferred taxes	(5,592)	(3,834)
Net cash provided by operating activities	139,086	80,350

Accounting policies
Cash includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Section 2 - Results for the year

2-5 Income taxes

	2014 $'000	2013 $'000
Current tax expense		
Current period	42,787	33,442
Adjustment for prior periods	(1,190)	(1,005)
Taxable losses not recognised	1,213	704
	42,810	33,141
Deferred tax expense		
Origination and reversal of temporary differences	(5,985)	(3,389)
Adjustments recognised in the current year in relation to the deferred tax of prior years	393	253
Recognition of tax losses and deferred tax balances	-	(239)
	(5,592)	(3,375)
Total income tax expense from continuing operations	**37,218**	**29,766**
Income tax recognised in other comprehensive income		
Available-for-sale financial assets		
Before tax	3,624	1,852
Tax (expense)/benefit	(851)	(533)
Net of tax	2,773	1,319
Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the income statement		
Profit before income tax	159,623	129,765
Life statutory revenue	(77,101)	(84,682)
Life statutory expenses	58,074	65,115
Shareholder profit before income tax	140,596	110,198
Prima facie income tax at the Australian tax rate of 30%	42,179	33,059
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of tax credits with statutory funds	1,671	1,651
(Non assessable income)/Non-deductible expenses	2,188	3,724
Unwind of deferred taxes on intangible assets	(5,514)	(5,435)
Share of net profits of associates	(2,234)	(2,310)
Assessable associate dividends	4,487	3,787
Taxable loss not recognised	1,213	704
Imputation credits	(4,831)	(3,927)
Other	(1,144)	(735)
Under/(over) provided in prior periods	(797)	(752)
	37,218	**29,766**

Section 2 - Results for the year

2-5 Income taxes (continued)

	2014 $'000	2013 $'000
Deferred tax assets and liabilities		
Deferred tax asset balance comprises temporary differences attributable to:		
Employee benefits	9,132	8,562
Staff incentives	3,988	3,727
Provision for legal costs	466	267
Provisions, accruals and creditors	4,450	6,021
Unrealised investment gains and losses	107	-
Carry forward capital and revenue losses	599	1,201
Deferred fee income	1,164	1,915
Other	2,737	1,855
Deferred tax asset balance as at 30 June	22,643	23,548
Set-off of deferred tax liabilities pursuant to set-off provisions	(22,643)	(23,548)
Net deferred tax asset balance as at 30 June	-	-
Deferred tax liability balance comprises temporary differences attributable to:		
Unrealised gains	1,397	300
Deferred acquisition costs	1,674	2,434
Accrued income	711	1,854
Fixed assets and computer software	2,057	893
Customer relationships	69,011	74,718
Prepayments	1,385	1,646
Other	121	11
	76,356	81,856
Set-off of deferred tax liabilities pursuant to set-off provisions	(22,643)	(23,548)
Net deferred tax liability balance as at 30 June	53,713	58,308
Reconciliation of movements		
Net carrying amounts at the beginning of the year	(58,308)	(58,315)
Acquisitions and disposals	(144)	(2,835)
Credited/(charged) to profit or loss	5,592	3,375
Temporary differences directly attributable to equity	(853)	(533)
Carrying amount at the end of the year	(53,713)	(58,308)
Unrecognised deferred tax assets		
Tax losses	5,388	2,347
Potential tax benefit at the Australian tax rate of 30%	1,616	704

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Accounting policies

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The applicable rates of income tax vary depending upon the fund or entity involved. The segregated superannuation and rollover fund business of the IOOF Ltd benefit funds attracts income tax at the rate of 15% (2013: 15%) and the ordinary business of the Company is taxed at the rate of 30% (2013: 30%).

Section 2 - Results for the year

2-5 Income taxes (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the IOOF Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The IOOF Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the IOOF Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Tax consolidation

IOOF Holdings Ltd and its wholly owned Australian resident entities (including IOOF Ltd benefit funds) are part of a tax-consolidated group under Australian taxation law. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(ii) Uncertain Tax Position

On 27 June 2012, Tax Laws Amendment (2012 Measures No. 2) Act 2012 (“The 2012 Act”) was substantially enacted. It sought to limit the availability of deductions previously made available by the passing of Tax Laws Amendment (2010 Measures No. 1) Act 2010 (“The 2010 Act”). Both Acts contain a number of amendments to the tax consolidation regime that deal with rights to future income assets acquired upon an entity joining a tax consolidated group. The 2012 Act limits deductions that were available under the 2010 Act in respect to the tax cost setting amount of those assets, and under the business related expenditure provisions.

The Company was unsuccessful in its appeal to the Federal and Full Federal Courts in respect of an adverse ATO private ruling it sought to confirm its entitlement to deductions under the 2010 Act. The ATO was awarded costs upon successfully defending the Company's appeal. These costs are considered a contingent liability on the basis that they cannot be realiably estimated.

Section 2 - Results for the year

2-6 Dividends

The following dividends were declared and paid by the Group:

	Cents per share	Total amount $'000	Date of payment	Franked / unfranked
2014				
Interim 2014 dividend	22.5	52,227	09 April 2014	Franked
Final 2013 dividend	22.5	52,227	16 October 2013	Franked
	45.0	104,454		
2013				
Interim 2013 dividend	19.5	45,258	10 April 2013	Franked
Final 2012 dividend	18.0	41,767	17 October 2012	Franked
	37.5	87,025		

Franked dividends declared or paid during the year were franked at the tax rate of 30 per cent.
Dividend amounts shown are inclusive of any dividends paid on Treasury Shares.
After 30 June 2014 the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total amount $'000	Date of payment	Franked / unfranked
Final 2014 dividend	25.0	58,030	15 October 2014	Franked

	2014 $'000	2013 $'000
Dividend franking account		
30 per cent franking credits available to shareholders of IOOF Holdings Ltd for subsequent financial years	47,417	50,787

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:
(a) franking credits that will arise from the payment of the current tax liabilities; and
(b) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends declared after the balance date but not recognised as a liability is to reduce it by $24,870,000 (2013: $22,383,000).

2-7 Earnings per share

	2014 $'000	2013 $'000
Basic earnings per share	43.7	34.4
Diluted earnings per share	43.1	34.1

Basic earnings per share

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

	2014 $'000	2013 $'000
Profit for the period attributable to owners of the Company	101,285	79,769
Earnings used in the calculation of basic EPS	101,285	79,769

Section 2 - Results for the year

2-7 Earnings per share (continued)

Weighted average number of ordinary shares	No. '000	No. '000
Weighted average number of ordinary shares (basic)	231,637	231,886
Effect of unvested performance rights	2,756	1,974
Effect of share options on issue	381	386
Weighted average number of ordinary shares (diluted)	234,774	234,246

Accounting policies

The IOOF Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held, for the effects of all dilutive potential ordinary shares, which comprise performance rights and share options granted to employees.

At 30 June 2014, nil options were excluded from the diluted weighted average number of ordinary shares calculation as all are dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Section 3 - Capital management and financing

This section outlines how the IOOF Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The IOOF Group's objectives when managing capital are to safeguard the ability to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to reduce the cost of capital.

The Equity Trustees Ltd ("EQT") stake was disposed of during the year for a small profit, however the draw down to fund that original purchase has remained in place. This has been used to augment working capital and take advantage of the low cost of debt funding. Post 30 June 2014, the SFGA transaction has also been partially funded through increased debt. An additional $76.7 million in debt facilities were drawn to fulfil payment requirements to SFGA shareholders who opted for cash rather than IOOF scrip under the terms of the scheme of arrangement. The additional debt reduced the funding cost of a full scrip for scrip acquisition and enhances the prospective value accretion for remaining shareholders. In the prior year, $50m was borrowed to fund the acquisition of Plan B adding to $55m in drawn facilities from previous transactions.

3-1 Borrowings

This note provides information about the contractual terms of the IOOF Group's interest-bearing borrowings, which are measured at amortised cost.

For more information about the IOOF Group's exposure to interest rate and liquidity risk, see section 1-1 Risk management.

	2014 $'000	2013 $'000
Cash Advance & Working Capital Facility drawn - Commonwealth Bank of Australia - refer (a)	110,000	105,000
Finance lease liabilities - refer (c)	1,059	1,615
	111,059	106,615

Section 3 - Capital management and financing

3-1 Borrowings (continued)

(a) Cash Advance & Working Capital Facility

The unsecured cash advance facilities and working capital facility is provided under an Australian dollar line of credit facility, to which unrestricted access was available at balance date as follows:

	2014 $'000	2013 $'000
Total facilities	135,000	130,000
Used at 30 June	110,000	105,000
Unused at 30 June	25,000	25,000

During the period the IOOF Group repaid $15 million of borrowings in July 2013 and drew down $20 million of the Commonwealth Bank of Australia (CBA) facility with a variable interest rate for the purposes of acquiring the shares of EQT.

On 6 August 2014, the IOOF Group acquired SFGA. The impact on borrowings is disclosed at note 7-5 Subsequent events.

The financial liability under the facility has a fair value equal to its carrying amount.

Accounting policies

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(b) Other bank facilities

In addition to the cash advance and working capital facilities, the IOOF Group has a number of facilities with the Commonwealth Bank of Australia. These include equipment finance, MasterCard and contingent liability facilities. The aggregate of these facilities is $35.85 million.

(c) Finance lease liabilities

	2014		2013	
Finance lease liabilities of the Group are payable as follows:	Future minimum lease payments $'000	Present value of minimum lease payments $'000	Future minimum lease payments $'000	Present value of minimum lease payments $'000
Less than one year	598	550	611	543
Between one and five years	523	509	1,133	1,072
	1,121	1,059	1,744	1,615
Less future finance charges	(62)		(129)	
	1,059		1,615	

Accounting policies

Leases in terms of which the IOOF Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Other leases are operating leases and are not recognised in the IOOF Group's statement of financial position.

Section 3 - Capital management and financing

3-2 Share capital

	2014 $'000	2013 $'000
232,118,034 fully paid ordinary shares (2013: 232,118,034)	868,084	869,269
960,841 treasury shares (2013: 836,078)	(8,119)	(6,948)
	859,965	862,321

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.
The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	2014		2013	
	No. '000	$'000	No. '000	$'000
Ordinary shares				
On issue at 1 July	232,118	869,269	232,038	869,070
Issue of shares on exercise of options under executive and employee share option plan	-	9,600	80	3,186
Transfer from employee equity-settled benefits reserve on exercise	-	3,585	-	1,962
Treasury shares transferred to employees during the year	-	(14,050)	-	(4,169)
On-market purchase of shares transferred to option and rights holders during the year	-	(320)	-	(780)
On issue at 30 June	232,118	868,084	232,118	869,269
Treasury shares				
On issue at 1 July	(836)	(6,948)	-	-
Purchase of treasury shares	(1,763)	(15,221)	(1,405)	(11,117)
Treasury shares transferred to employees during the year	1,638	14,050	569	4,169
On issue at 30 June	(961)	(8,119)	(836)	(6,948)
	231,157	859,965	231,282	862,321

Accounting policies

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and share options are shown in equity as a deduction, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings.

Treasury shares are shares bought or transferred to the IOOF Equity Plans Trust in respect of the IOOF Group share plans. The IOOF Equity Plans Trust is controlled by the IOOF Group and is therefore consolidated.

Dividends are paid to the IOOF Equity Plans Trust for treasury shares held and are eliminated on consolidation.

Section 3 - Capital management and financing

3-3 Capital commitments and contingencies

Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2014 $'000	2013 $'000
Not later than one year	15,653	11,495
Later than one year, not later than five years	41,136	38,822
Later than five years	3,808	8,994
	60,597	59,311

The Group leases a number of office premises under non-cancellable operating leases expiring between one month to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also lease various office equipment under non-cancellable operating leases expiring between 1 month to 3 years. The term of some of these leases provided the Group with the option to purchase this equipment at the conclusion of these lease agreements.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Capital commitments

The IOOF Group has not entered into any non-cancellable capital expenditure commitments not already recognised or provided for.

Contingent liabilities	2014 $'000	2013 $'000
Rental bond guarantees	4,370	5,262
ASX settlement bond guarantee	500	500
ASIC bond guarantees	40	80
Underwriting commitments	-	1,475
Other guarantees	3,000	3,000
	7,910	10,317

Other contingent liabilities

The IOOF Group is currently defending complaints and claims brought against it in its capacity as wealth management provider. In aggregate these total approximately $6,513,000 (2013: $11,934,000). As professional indemnity insurance cover is held to meet any professional liabilities that may arise for individual claims above the applicable excess, the IOOF Group would be potentially liable for less than $1,915,000 (2013: $2,634,000) of these claims. The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

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

Section 3 - Capital management and financing

	2014 $'000	2013 $'000
3-4 Reserves		
Available-for-sale investment revaluation reserve	4,411	1,638
Business combinations reserve	(326)	(326)
Share buy-back revaluation reserve	(16,192)	(13,389)
Foreign currency translation reserve	3	14
Share-based payments reserve	7,648	5,975
	(4,456)	(6,088)

Section 4 - Operating assets and liabilities

This section shows the assets used ot generate the IOOF Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 3.

4-1 Acquisitions

Acquisitions after balance date

On 6 August 2014, SFGA joined the IOOF Group via a scheme of arrangement. The scheme received shareholder approval after balance sheet date and is therefore not included in the result or financial position of the IOOF Group to 30 June 2014.

SFGA is a leading non-aligned client focused financial advice and end-to-end wealth management firm. SFGA provides services high net worth and affluent clients including strategic financial advice, portfolio administration solutions, portfolio construction and management services, insurance (both general and risk) solutions, finance broking, stockbroking, corporate superannuation, accounting and tax services.

The IOOF Group acquired all of the ordinary shares in SFGA for a total consideration of $76.7 million net of cash acquired and the issue of 68,015,718 shares in the Company to former SFGA shareholders. The IOOF Group entered into a Debt Facility for $100 million to fund the cash consideration component of the scheme of arrangement and transition costs. The fair values of identifiable assets and liabilities are yet to be determined.

Acquisitions in financial year ended 30 June 2013

On 27 September 2012, Plan B joined the IOOF Group via a Bid Implementation Deed. The acquisition price was $0.57 per share and resulted in a total consideration payable to shareholders of $46.6 million.

Plan B Group Holdings Limited is a boutique wealth management company with operations in Australia and New Zealand, offering wealth management and administration services to clients. The Company operates a vertically integrated business model with coverage of all components of the wealth management value chain including advice, administration and investment management. It also provides an array of services including trustee and estate planning, mortgage broking and insurance.

Intangibles, being the value placed on brands and customer relationships, of $22.4 million were identified and goodwill of $22.5 million has been recognised.

Section 4 - Operating assets and liabilities

	2014 $'000	2013 $'000
4-2 Equity-accounted investees		
Investment in associated entities	26,910	27,770

The IOOF Group has interests in a number of individually immaterial associates. For one of these associates, Perennial Value Management Ltd, the IOOF Group owns 52.4% (2013: 52.4%) of the equity interests but has less than 50% of the voting rights. The IOOF Group has determined that it does not have control but has significant influence because it has representation on the board of the investee.

Name of entity	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %	Carrying value $'000	Group's share of profit/ (loss) $'000
Perennial Value Management Ltd	Australia	52.4	52.4	10,162	6,150
Thornton Group (SA) Pty Ltd	Australia	43.1	43.1	5,576	442
MW Planning Pty Ltd	Australia	31.0	31.0	2,358	52
Goldsborough Consultants Pty Ltd	Australia	29.0	41.0	1,846	314
Kiewa Street Planners Pty Ltd	Australia	40.0	40.0	1,286	112
Other associates				5,682	394
				26,910	7,464

The following table summarises the financial information of the IOOF Group's material associate, Perennial Value Management Ltd, as included in its own financial statements, all fair values and accounting policies are consistent with those of the IOOF Group.

	2014 $'000	2013 $'000
Beneficial ownership interest	42.3%	42.3%
Current assets	19,223	16,280
Non-current assets	697	468
Current liabilities	(4,001)	(3,499)
Non-current liabilities	(230)	(8)
Net assets (100%)	**15,689**	**13,241**
Group's share of net assets (42.3%)	6,644	5,608
Group's share of movements in equity and other reserves	(933)	(970)
Goodwill	4,451	4,451
Carrying value of interest in associate	**10,162**	**9,089**
Revenue	31,267	33,297
Profit and total comprehensive income (100%)	14,510	15,779
Profit and total comprehensive income (42.3%)	6,150	6,695
Dividends received by the Group	5,077	5,817

None of the IOOF Group's equity-accounted investees are publicly listed entities and consequently do not have published price quotations.

Dividends received from associates

During the year, the IOOF Group was has received dividends of $5,890,000 (2013: $6,506,000) from its associates.

Accounting policies

The IOOF Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities over which the IOOF Group has significant influence, but not control, over the financial and operating policies.

Investments in its associates are accounted for using the equity method and are initially recognised at cost. The cost of the investment includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the IOOF Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Section 4 - Operating assets and liabilities

4-3 Intangible assets (other than goodwill)

	2014 $'000	2013 $'000
Cost	396,841	387,211
Accumulated amortisation and impairment losses	(108,200)	(83,167)
	288,641	304,044

	Adviser relationships $'000	Computer software $'000	Customer relationships $'000	Brand names $'000	Contract agreements $'000	Total $'000
Carrying value at 1 July 2013	7,115	16,923	253,511	21,350	5,145	304,044
Additions	694	5,871	4,846	-	-	11,411
Disposals	(1,322)	(22)	-	-	-	(1,344)
Amortisation expense	(786)	(3,355)	(19,557)	(801)	(971)	(25,470)
Carrying value at 30 June 2014	5,701	19,417	238,800	20,549	4,174	288,641

Accounting policies

Intangible assets are non-physical assets used by the IOOF Group to generate revenues and profits. These assets include brands, customer and adviser relationships and contractual arrangements. The cost of these assets is the amount that the IOOF Group has paid or, where there has been a business combination, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights.
The value of intangible assets, with the exception of goodwill, reduces over the number of years the IOOF Group expects to use the asset, the useful economic life, via an annual amortisation charge to profit and loss. Where there has been a technological change or decline in business performance the Directors review the value of assets to ensure they have not fallen below their amortised value. Should an asset's value fall below its amortised value an additional one-off impairment charge is made against profit.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is charged to the income statement over the estimated useful lives of intangible assets unless such lives are judged to be indefinite. Indefinite life assets, such as goodwill, are not amortised but are tested for impairment at each reporting date. The estimated useful lives for the current and comparative years are as follows:

- adviser relationships 5 - 10 years
- computer software 2.5 - 10 years
- customer relationships 10 - 20 years
- brand names 20 years
- contract agreements 9 - 10 years

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

Impairment testing for cash-generating units containing indefinite life intangible assets

For the purposes of impairment testing, indefinite life intangibles are allocated to the IOOF Group's operating divisions, or CGUs, which represent the lowest level within the IOOF Group at which the goodwill is monitored for internal management purposes.

Each CGU is not higher than the IOOF Group's operating segments as reported in Note 2-1 operating segments.

Section 4 - Operating assets and liabilities

4-3 Intangible assets (other than goodwill) (continued)

The aggregate carrying amounts of indefinite-life intangible assets allocated to each CGU are as follows:

	2014 $'000	2013 $'000
Ord Minnett group	6,773	6,773
Lonsdale	500	500
Plan B group	1,400	1,400
	8,673	8,673

The indefinite life intangible asset relates to the Ord Minnett, Lonsdale and Plan B brand names. In designating brand names as indefinite life, consideration was given to the length of time the brand names have been in existence and it was determined that there is no foreseeable limit to the period over which the brand names are expected to generate net cash inflows for the IOOF Group.

The recoverable amount for the brand names have been determined based on a royalty savings method of calculating value in use. The calculation incorporates estimated costs of brand maintenance. The discount rate of 13.8% (2013: 13.1%) used reflects the Group's pre-tax nominal weighted average cost of capital. Management's assessment of indefinite life intangible value-in-use exceeds the value of the intangible asset allocated to the CGU, therefore any reasonably possible changes to assumptions used in management's assessment is not expected to result in impairment.

4-4 Goodwill

	2014 $'000	2013 $'000
Cost	595,099	595,099
Accumulated impairment	(17,009)	(17,009)
Net carrying value of goodwill	578,090	578,090
Carrying value at beginning of period	578,090	564,372
Acquisition through business combination	-	22,492
Deferred tax recognised on acquisition of intangibles	-	(4,196)
Impairment	-	(4,578)
Balance at end of period	578,090	578,090

Accounting policies

Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. Its cost is the amount the IOOF Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. The value of goodwill is an 'intangible' value that comes from, for example, a uniquely strong market position and the outstanding productivity of its employees. The goodwill recognised by the Group has all arisen as a result of business combinations.
For the measurement of goodwill at initial recognition, see section 7-3(a)(i) Business combinations.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Impairment testing for cash-generating units containing goodwill

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

Each CGU is not higher than the IOOF Group's operating segments as reported in 2-1 Operating segments.

Section 4 - Operating assets and liabilities

4-4 Goodwill (continued)

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2014 $'000	2013 $'000
Platform management and administration	347,509	329,213
Multi manager	39,735	39,735
Perennial group	97,814	97,814
Consultum	723	723
IOOF Ltd	11,970	11,970
DKN	80,339	80,339
Plan B	-	18,296
	578,090	578,090

Plan B CGU was transferred to platform management and administration during the year due to successor fund transfers to another Trustee within the IOOF Group.

The recoverable amounts for the relevant CGUs have been determined based on value-in-use calculations using first year cash flow projections from 2015 financial budgets approved by management and the Board. The manner in which the IOOF Group conducts each impairment assessment for years 2 to 5 and into perpetuity is discussed below for each relevant CGU.

CGU	Consultum	Perennial group	Multi manager	IOOF Ltd	DKN	Platform management & administration
Value in Use element						
Cash inflows yrs 2 - 5	A	C	B	D	B	B
Cash inflows yrs 2 - 5	E	E	E	D	E	E
Cash flows - perpetuity	2.2% growth from yr 5	2.5% growth from yr 5	2.5% growth from yr 5	D	2.5% growth from yr 5	2.5% growth from yr 5

A Reserve Bank of Australia forecast GDP growth rate [2]

B Observed Australian managed funds annual compounding growth for March 2009 to March 2014 [1]

C Observed Australian equities and units in managed funds annual compounding growth for March 2009 to March 2014 [1]

D Observed Australian friendly societies annual compounding growth for March 2009 to March 2014 [1]

E Blended rate of the underlying Australian forecast inflation levels and the applicable Reserve Bank of Australia GDP growth rate[2]

The growth rates applied do not exceed the long-term average growth rate for businesses in which each CGU operates. The pre-tax discount rate of 13.8% (2013: 13.1%) used reflects the IOOF Group's pre-tax nominal weighted average cost of capital and has increased from prior year due to applying a different external source to the applicable risk free rate component. Management's assessment of goodwill's value-in-use exceeds the value of goodwill allocated to these CGUs, therefore any reasonably possible changes to assumptions used in management's assessment is not expected to result in impairment.

Management has applied post tax WACC increments of 1% for Perennial Group and 3.5% for Consultum to reflect specific company risk premiums. These incremental amounts are judgement based and are consistent with accepted valuation industry practice.

In respect of the Perennial Group, goodwill has arisen from the acquisition of equity in Perennial Investment Partners Ltd and Perennial Fixed Interest Partners Pty Ltd while further goodwill has been recorded upon the recognition of an obligation the IOOF Group may have under various shareholder agreements to acquire shares in certain Perennial subsidiaries.

[1] *source - ABS 5655.0 Managed Funds Australia*
[2] *source - RBA Statement of Monetary Policy*

Section 4 - Operating assets and liabilities

4-5 Provisions

	2014 $'000	2013 $'000
Directors' retirement	418	341
Onerous contracts	1,898	2,375
Employee entitlements	44,783	44,463
Other provisions	1,552	889
	48,651	48,068

	Directors' retirement $'000	Onerous contracts $'000	Employee entitle-ments $'000	Other $'000	Total $'000
Balance at 1 July 2013	341	2,375	44,463	889	48,068
Provisions made during the period	77	-	20,038	1,828	21,943
Provisions utilised during the period	-	(477)	(19,718)	(1,165)	(21,360)
Balance at 30 June 2014	418	1,898	44,783	1,552	48,651

Accounting policies

A provision is recognised if, as a result of a past event, the IOOF Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the IOOF Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is valued as the estimated present value of future lease payments net of anticipated recoveries from third parties, that the Group is presently obligated to make under non-cancellable operating lease contracts. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. Provisions relate to onerous lease contracts. The unexpired term of these leases is less than 6 years.

Employee entitlements

The provision for employee benefits includes provisions for remuneration in the form of incentive plans and expected leave benefits that employees have earned in return for their service in the current and prior periods plus related on-costs.

A provision for employee benefits in the form of an incentive plan is recognised when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

A provision for restructuring is recognised when the IOOF Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Liabilities for incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Other provisions

Other provisions have been made for the present value of the Directors' best estimates of legal settlements. The information usually required by AASB 137 *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed on the grounds that it can be expected to prejudice the outcome of litigation.

Section 5 - Statutory funds

A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995. Balances below are disclosed inclusive of amounts collected/receivable from or paid/payable to IOOF Group entities. These funds are not available to shareholders.

5-1 Assets relating to statutory funds

	Statutory	
	2014 $'000	2013 $'000
Cash at bank	3,202	3,435
Receivables	10,581	16,122
Shares in listed companies	17,491	19,463
Unlisted unit trusts	826,861	758,229
Derivatives	45	89
Loans to policyholders	11,485	8,853
Margin accounts	606	946
Mortgages	-	4
Investments backing policyholder liabilities designated at fair value through profit or loss	870,271	807,141

Assets held in the life insurance Statutory Funds (including 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 members of those funds, and are subject to the constitution and rules of those funds.

Accordingly, with the exception of permitted profit distributions, the investments held in the statutory funds are not available for use by other parties of the IOOF Group.

The IOOF Group has determined that all financial assets held within its reported statutory funds (including the benefit funds which are treated as statutory funds) represent the assets backing policy liabilities and are measured at fair value through profit or loss. Other than loans and receivables held by the IOOF Group and its controlled entities, assets backing policy liabilities have been designated at fair value through profit or loss as the assets are managed on a fair value basis.

5-2 Liabilities relating to statutory funds

	Statutory	
	2014 $'000	2013 $'000
Payables	1,657	2,746
Seed capital	7,153	7,153
Deferred tax liabilities	14,404	1,182
Investment contracts liabilities with DPF	366,838	390,902
Investment contract liabilities	476,471	396,243
Non-controlling interests in controlled trusts	3,748	8,915
	870,271	807,141

Policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038, whereas life investment contracts are valued in accordance with AASB 139 and AASB 118. There are differences between the valuation requirements of the accounting standards and those of the Life Insurance Act 1995.

Accounting policies

Contract classification

The accounting treatment of certain transactions varies depending on the nature of the contract underlying the transaction. The major contract classifications are insurance contracts and investment contracts.

(i) Insurance contracts

Insurance contracts are those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Life insurance contract liabilities are calculated in accordance with actuarial standards.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Section 5 - Statutory funds

(ii) Investment contracts

Contracts not considered insurance contracts are classified as investment contracts. The accounting treatment of investment contracts depends on whether the investment has a discretionary participation feature ('DPF'). A DPF represents a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total benefits;
- distributed at the discretion of the insurer; and
- are based on the performance of a specified pool of assets.

Deposits collected and benefits paid under investment contracts with DPF are accounted for through profit or loss. The gross change in the liability to these policyholders for the period, which includes any participating benefits vested in policyholders and any undistributed surplus attributed to policyholders, is also recognised in profit or loss.

Deposits collected and withdrawals processed for investment contracts without DPF are accounted for directly through the statement of financial position as a movement in the investment contract liability. Distributions on these contracts are charged to profit or loss as an expense.

Where contracts contain both an investment component and an insurance component and the deposit component can be separately measured, the underlying amounts are unbundled. Premiums relating to the insurance component are accounted for through profit or loss and the investment component is accounted for as a deposit through the statement of financial position as described above.

5-3 Reconciliation of movements in contract liabilities

	Statutory	
	2014 $'000	2013 $'000
Investment contracts liabilities with DPF		
Investment contracts liabilities with DPF at beginning of the year	390,902	417,907
Net increase in investment contracts liabilities with DPF	6,062	11,989
Investment contracts liabilities with DPF contributions	13,013	12,536
Investment contracts liabilities with DPF withdrawals	(43,139)	(51,530)
Investment contracts liabilities with DPF at end of the year	366,838	390,902
Other investment contract liabilities		
Investment contract liabilities at beginning of the year	396,243	367,306
Net increase in investment contract policy liabilities	44,329	41,620
Investment contract contributions	93,176	40,296
Investment contract withdrawals	(57,277)	(52,979)
Investment contract liabilities at end of the year	476,471	396,243

Section 5 - Statutory funds

5-4 Contribution to profit or loss of statutory funds

	Statutory	
	2014 $'000	2013 $'000
Life statutory revenue		
Interest income	530	598
Dividends and distributions received	28,552	36,182
Net fair value gains/(losses) on other financial assets designated as fair value through profit or loss	57,873	45,405
Net gains(losses) on foreign exchange	87	9
Investment contracts with DPF:		
Contributions received - investment contracts with DPF	13,013	12,536
DPF policyholder liability decrease	24,064	27,005
Non - DPF policyholder liability decrease/(increase)	(51,242)	(41,058)
Other fee revenue	4,224	4,005
	77,101	**84,682**
Life statutory expenses		
Service and marketing fees expense	12,774	12,109
Direct operating expenses	97	63
Investment contracts with DPF:		
Benefits and withdrawals paid	42,928	51,259
Termination bonuses	211	271
Distribution to policyholders	1,882	1,093
Interest	182	320
	58,074	**65,115**
Income tax	**19,027**	**19,567**
Net contribution to profit or loss of statutory funds	-	-

Accounting policies

Investment contracts with DPF

The value of these liabilities changes in relation to the change in unit prices for unit linked contracts, and are decreased by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the policyholders. Adjustments to the liabilities at each reporting date are recorded in profit or loss.

Other investment contracts

The value of these liabilities changes in relation to the change in unit prices for unit linked contracts, and are decreased by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the members of the fund. Amounts distributable to members are recorded in profit or loss as an expense.

There is no claims expense in respect of life investment contracts. Surrenders and withdrawals which relate to life investment contracts are treated as a movement in life investment contract liabilities. Surrenders are recognised when the policyholder formally notifies of their intention to end the policy previously contracted.

Insurance contract liabilities and claims expense

A claim expense is recognised when the liability to the policyholder under the policy contract has been established, or upon notification of the insured event. Withdrawal components of life insurance contracts are not expenses and are treated as movements in life insurance contract liabilities.

Section 5 - Statutory funds

5-5 Actuarial assumptions and methods

The effective date of the actuarial report on the policy liabilities and capital adequacy reserves is 30 June 2014. The actuarial report for IOOF Ltd was prepared by Mr Andrew Mead, FIAA, and was dated 20 August 2014. The actuarial report indicates that Mr Mead is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

Actuarial Methods
Policy liabilities have been calculated in accordance with relevant actuarial guidance issued by the Australian Prudential Regulatory Authority under the Life Insurance Act 1995. Policy liabilities are based on a systematic release of planned margins as services are provided to policyholders and premiums are received.

Processes used to select assumptions

Mortality and Morbidity
All mortality and morbidity risk is fully reinsured and the gross risk to the Group is low. The mortality and morbidity assumptions have been taken to be equal to the reinsurer's mortality and morbidity assumptions.

Other Assumptions

In adopting the accumulation method to assess the policy liabilities, one material assumption is required. It is assumed that the future overall experience as to expense levels, surrender/lapse rates and discount rates will likely remain within a satisfactory range so that the policies produce future profits for the business. In which case, there is no need to set aside provisions, in addition to the accumulation amounts, for future losses (i.e. there is no loss recognition concerns for the business). This assumption has been adopted on the basis that, based on the current actual experience of the business, the policies are producing satisfactory profits for the business and there is no circumstances known that would indicate that the current position (i.e. general experience levels and ongoing profitability) will not continue into the future.

Sensitivity analysis
The policy liabilities are not sensitive to changes in variables within a moderate range. Increases in mortality and morbidity assumptions will result in an increase in gross policy liabilities for IOOF Ltd, however as the mortality and morbidity risk is fully reinsured any change in these assumptions would be consistent with the reinsurer's assumptions and the net change in policy liabilities would be nil.

Capital adequacy requirements
Capital adequacy reserves are required to meet the prudential standards determined in accordance with Prudential Standard LPS 110 *Capital Adequacy* issued by the Australian Prudential Regulatory Authority under paragraph 230A(1)(a) of the Life Insurance Act 1995. Capital adequacy reserves provide additional protection to policy holders against the impact of fluctuations and unexpected adverse circumstances on the Company.

5-6 Disclosures on asset restrictions, managed assets and trustee activities

(i) Restrictions on assets
Investments held in life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the Life Act and associated rules and regulations. The main restrictions are that the assets in a life statutory fund can only be used to meet the liabilities and expenses of that life statutory fund, to acquire investments to further the business of the life statutory fund or as distributions when capital adequacy and other regulatory requirements are met.

(ii) Managed Funds and other fiduciary duties

Entities in the IOOF Holdings Ltd Group, including the IOOF Ltd Benefit Funds, hold controlling investments in managed funds. A subsidiary of the Company is the Responsible Entity for these managed funds and has a fiduciary responsibility for managing these trusts. Arrangements are in place to ensure that such activities are managed separately from the other activities of the IOOF Holdings Ltd Group.

Section 5 - Statutory funds

5-7 Capital adequacy position

Capital adequacy reserves are required to meet the prudential standards determined in accordance with Prudential Standard LPS 110 *Capital Adequacy* issued by the Australian Prudential Regulatory Authority under paragraph 230A(1)(a) of the Life Insurance Act 1995. Capital adequacy reserves provide additional protection to policy holders against the impact of fluctuations and unexpected adverse circumstances on the Company.
The figures in the table below represent the number of times coverage of the aggregate of all benefit funds and statutory funds in the Life Group over the prescribed capital amount.

	Statutory	
	2014 $'000	2013 $'000
(a) Capital Base	24,800	24,258
(b) Prescribed capital amount (1)	14,676	16,298
Capital in excess of prescribed capital amount = (a) - (b)	10,124	7,960
Capital adequacy multiple (%) (a) / (b)	169%	149%
Capital Base comprises:		
Net Assets	24,800	24,258
Regulatory adjustment applied in calculation of Tier 1 capital	-	-
(A) Common Equity Tier 1 Capital	**24,800**	**24,258**
Additional Tier 1 Capital	-	-
Regulatory adjustment applied in calculation of Additional Tier 1 capital	-	-
(B) Total Additional Tier 1 Capital	-	-
Tier 2 Capital	-	-
Regulatory adjustment applied in calculation of Tier 2 capital	-	-
(C) Total Tier 2 Capital	-	-
Total capital base	**24,800**	**24,258**

For detailed capital adequacy information on a statutory fund basis, users of this annual report should refer to the financial statements prepared by the friendly society.

Section 6 - Other disclosures

6-1 Parent entity financials

As at and throughout the financial year ended 30 June 2014, the parent entity of the IOOF Group was IOOF Holdings Ltd.

	2014 $'000	2013 $'000
Result of the parent entity		
Profit for the period	93,176	91,004
Total comprehensive income for the period	93,176	91,004
Financial position of parent entity at year end		
Current assets	106,178	93,530
Total assets	1,051,167	1,047,475
Current liabilities	113,515	29,170
Total liabilities	133,517	119,170
Total equity of the parent entity comprising of:		
Share capital	868,083	869,269
Share-based payments reserve	11,098	9,491
Retained earnings	38,469	49,545
Total equity	917,650	928,305

Parent entity contingent liabilities
There are currently no complaints or claims made against the parent entity.
The parent entity does not provide any guarantees to subsidiaries or related parties.

Section 6 - Other disclosures

6-2 Group subsidiaries

Set out below is a list of material subsidiaries of the Group.

	Country of incorporation	Ownership interest	
		2014 %	2013 %
Parent entity			
IOOF Holdings Ltd	Australia		
Material subsidiaries			
AET SPV Management Pty Ltd	Australia	100.0	100.0
AET Structured Finance Services Pty Ltd	Australia	100.0	100.0
Australian Executor Trustees Ltd	Australia	100.0	100.0
Bridges Financial Services Pty Ltd	Australia	100.0	100.0
Consultum Financial Advisers Pty Ltd	Australia	100.0	100.0
Executive Wealth Management Financial Services Pty Ltd	Australia	100.0	100.0
IOOF Ltd	Australia	100.0	100.0
IOOF Service Co Pty Ltd	Australia	100.0	100.0
Lonsdale Financial Group Ltd	Australia	100.0	100.0
My Adviser Pty Ltd	Australia	100.0	100.0
Perennial Investment Partners Ltd	Australia	100.0	100.0
Plan B Trustees Ltd	Australia	100.0	100.0
Plan B Wealth Management Ltd	Australia	100.0	100.0
IOOF NZ Ltd	New Zealand	100.0	100.0
Questor Financial Services Ltd	Australia	100.0	100.0
SMF Wealth Management Pty Ltd	Australia	100.0	100.0
Wealth Managers Pty Ltd	Australia	100.0	100.0
IOOF Executive Performance Share Plan Trust	Australia	100.0	100.0
Ord Minnett Ltd	Australia	70.0	70.0
Ord Minnett Financial Planning Pty Ltd	Australia	70.0	70.0
Ord Minnett Management Ltd	Australia	70.0	70.0

6-3 Share-based payments

The IOOF Group operates a number of employee share and option schemes operated by the IOOF Equity Plans Trust (the "Trust").

IOOF Executive and Employee Share Option Plan

The IOOF Group has an ownership-based compensation scheme for executives and senior employees. The establishment of the employee share option plans was approved by the Board of Directors.

Selected employees may be granted options which entitle them to purchase ordinary fully paid shares in the Company at a price fixed at the time the options are granted. Voting and dividend rights will be attached to the unissued ordinary shares when the options have been exercised. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Remuneration and Nominations Committee regards the grant of options to employees as an appropriate long-term incentive and retention component of total remuneration for executives and senior employees. It is expected that future annual grants of options will be made, the vesting of which will be subject to attainment of appropriate performance hurdles and on the basis of continuing employment with the IOOF Group.

Options granted under the plan carry no dividend or voting rights. All plans are equity-settled.

Section 6 - Other disclosures

6-3 Share-based payments (continued)

IOOF Executive Performance Share Plan

The IOOF Executive Performance Share Plan is the vehicle used to deliver equity based incentives to executives and senior employees of the IOOF Group. The establishment of the employee share option plans was approved by the Board of Directors.

Each employee receives ordinary shares of the Company on vesting of the performance rights. No amounts are paid or payable by the recipient on receipt of the performance rights or on vesting. The performance rights carry neither rights to dividends nor voting rights prior to vesting.

The Remuneration and Nominations Committee regards the grant of performance rights to employees as an appropriate long-term incentive and retention component of total remuneration for executives and senior employees. It is expected that future annual grants of performance rights will be made, subject to the Board's determination of the overall performance of the Company and market conditions. The vesting of any performance rights awarded will be subject to attainment of appropriate performance hurdles and on the basis of continuing employment with the IOOF Group.

Performance rights granted under the plan carry no dividend or voting rights. All plans are equity-settled.

Non-Executive Director Share Purchase Plan

Each Non-Executive Director is eligible to participate in the Non-Executive Director Share Purchase Plan. The Non-Executive Director Share Purchase Plan is a salary sacrifice plan and is not captured as a share based payment expense.

Deferred Share Plan

A Short Term Incentive (STI) mandatory deferral program exists with equity deferral relating to a third of the Managing Directors' STI for each year.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options Series - Recipient	Exercise price $	Earliest vesting date	Exercise period		Performance related vesting conditions
			Commence	Expires	
2012-02 Managing Director	6.81	01-Jul-14	1-Jul-14	1-Jul-17	EPS & RoE
2012-05 DKN Replacement	7.50	30-Sep-13	30-Sep-13	30-Sep-14	Nil
2010-04 Executives	6.14	01-Jul-13	1-Jul-13	30-Jun-15	Nil
2010-03 Executives	7.01	04-May-13	4-May-13	4-May-16	Nil
2010-02 Senior Management	7.40	31-Jul-10	1-Aug-13	2-Aug-14	FUM target & EPS (1)
2009-20 Senior Management	5.68	31-Jul-09	1-Aug-12	2-Aug-13	FUM target & EPS (1)
2009-16 Managing Director	5.20	27-Nov-12	27-Nov-12	27-Nov-15	EPS & RoE

(1) 25% of the options vest subject to achievement of the Perennial Group's three year Funds Under Management forecast and 25% based on the achievement of a compounding IOOF Group cash earnings per share in excess of 10% each year over the performance period. The remaining options and rights are subject to continuing employment with the Group.

On vesting of performance rights, ordinary shares are held in trust for up to two years from the vesting date, after which time they may remain in trust, be transferred to the employee's name or sold. The employee receives all dividends on the ordinary shares while held in trust. The vesting of all issuances is subject to continuing employment.

	Options		Rights	Deferred Shares	Total
	Weighted average exercise price $	Number of options No.	Number of rights No.	Number of shares No.	Number of options, rights & shares No.
Opening balance at 1 July 2013	$ 6.70	2,926,180	2,630,528	63,851	5,620,559
Forfeited or lapsed during the period	$ 7.02	(442,731)	(77,659)	-	(520,390)
Exercised during the period	$ 6.24	(1,538,570)	(107,600)	(35,977)	(1,682,147)
Granted during the period	$ -	-	250,000	36,217	286,217
Outstanding at 30 June 2014	$ 6.54	944,879	2,695,269	64,091	3,704,239
Exercisable at 30 June 2014	$ -	865,723	-	-	865,723

Section 6 - Other disclosures

6-3 Share-based payments (continued)

Disclosure of share-based payment plans

Series - Recipient	Exercise price	Opening balance as at 1 July 2013	Granted	Forfeited or Lapsed	Exercised	Closing balance as at 30 June 2014
Options						
2009-16 Managing Director	5.20	158,312	-	-	(79,156)	79,156
2009-20 Senior Management	5.68	75,000	-	-	(75,000)	-
2010-02 Senior Management	7.40	150,000	-	(75,000)	(75,000)	-
2010-03 Executives	7.01	200,000	-	-	(100,000)	100,000
2010-04 Executives	6.14	1,650,000	-	-	(1,150,000)	500,000
2012-02 Managing Director	6.81	300,000	-	(300,000)	-	-
2012-05 DKN Replacement	7.50	392,868	-	(67,731)	(59,414)	265,723
		2,926,180	-	(442,731)	(1,538,570)	944,879
Performance rights						
2009-14 Managing Director	$nil	75,000	-	-	(37,500)	37,500
2010-01 Senior Management	$nil	6,250	-	(5,000)	(1,250)	-
2010-06 Managing Director	$nil	137,700	-	-	(68,850)	68,850
2012-01 Managing Director	$nil	150,000	-	(21,300)	-	128,700
2012-04 Executives	$nil	371,250	-	(26,359)	-	344,891
2013-01 Executives	$nil	222,500	-	(25,000)	-	197,500
2013-02 Managing Director	$nil	250,000	-	-	-	250,000
2013-03 Other Key Stakeholders	$nil	497,000	-	-	-	497,000
2013-04 Other Key Stakeholders	$nil	170,943	-	-	-	170,943
2013-05 Other Key Stakeholders	$nil	749,885	-	-	-	749,885
2014-01 Executives	$nil	-	150,000	-	-	150,000
2014-02 Managing Director	$nil	-	100,000	-	-	100,000
		2,630,528	250,000	(77,659)	(107,600)	2,695,269
Deferred shares						
2012-06 Managing Director	$nil	35,977	-	-	(35,977)	-
2013-06 Managing Director	$nil	27,874	-	-	-	27,874
2014-03 Managing Director	$nil	-	36,217	-	-	36,217
		63,851	36,217	-	(35,977)	64,091
		5,620,559	**286,217**	**(520,390)**	**(1,682,147)**	**3,704,239**

The options outstanding at 30 June 2014 have an exercise price in the range of $5.20 to $7.50 and a weighted average contractual life of 126 days.

The weighted average share price at the date of exercise for share options exercised during the year ended 30 June 2014 was $8.59 (2013: $8.45).

All options are vested and exercisable with the exception of the 79,156 options at a strike price of $5.20 which vest on 27 November 2014. The earnings per share and return on equity performance hurdles were tested at the conclusion of the performance period in June 2012.

Inputs for measurement of grant date fair values granted during the financial year

The grant date fair value of share-based payment plans granted during the year were measured based on a binomial options pricing model for non-market performance conditions and a monte carlo simulation model for market performance conditions. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Series	Fair value	Grant date share price	Expected volatility	Expected life (years)	Dividend yield	Risk-free interest rate
2014-01 Executives	6.07	8.56	35%	3	4.3%	2.8%
2014-02 Managing Director	5.45	8.89	35%	3	4.6%	3.0%
2014-03 Managing Director	8.39	8.71	n/a	1	nil	2.8%

Section 6 - Other disclosures

6-3 Share-based payments (continued)

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Performance Rights Series - Recipient	Exercise price	Earliest vesting date	Last tranche vesting date	Performance related vesting conditions
2013-05 Other Key Stakeholders	nil	30-Nov-14	n/a	Nil
2013-04 Other Key Stakeholders	nil	30-Nov-15	n/a	Compliance (2)
2013-03 Other Key Stakeholders	nil	30-Nov-15	n/a	Compliance (2)
2013-02 Managing Director	nil	30-Jun-15	n/a	TSR & RoE
2013-01 Executives	nil	30-Jun-15	n/a	TSR
2012-01 Managing Director	nil	01-Jul-14	01-Jul-16	TSR & RoE
2012-04 Executives	nil	30-Jun-14	n/a	TSR
2010-06 Managing Director	nil	23-Nov-13	23-Nov-15	TSR & RoE
2010-01 Senior Management	nil	30-Jun-13	n/a	FUM target & EPS (1)
2009-14 Managing Director	nil	27-Nov-12	27-Nov-14	TSR & RoE
2014-01 Executives	nil	30-Jun-16	n/a	TSR
2014-02 Managing Director	nil	30-Jun-16	n/a	TSR & RoE

(1) 25% of the rights vest subject to achievement of the Perennial Group's three year Funds Under Management forecast and 25% based on the achievement of a compounding IOOF Group cash earnings per share (EPS) in excess of 10% each year over the performance period. The remaining options and rights are subject to continuing employment with the Group.

(2) The compliance condition requires maintenance of authorised representative status, attendance at professional development days, compliance with CPD requirements and the achievement of a minimum compliance audit score.

The breakdown of share-based payments expense for the year by recipient is as follows. This represents the expense recorded to date and does not reflect the opportunity to transfer to retained profits the value of those legacy series that will lapse.

Recipient	2014 $'000	2013 $'000	
Managing Director	796	1,198	Includes deferred STI payments over the vesting period
Senior Management	1,355	2,353	
Other Key Stakeholders	3,308	2,106	
	5,459	5,657	

Accounting policies

The grant-date fair value of share-based payment awards granted to employees is recognised as a share-based payment expense, with a corresponding increase in the share-based payments reserve, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.
The fair value at grant date is independently determined where considered appropriate. The option pricing model used takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.
Shares held by the Trust will contribute to the employee allocation of shares on satisfaction of vesting performance hurdles. The IOOF Group has no right to recall placed shares. However, a subsidiary company acts as the Trustee of the Trust, and can direct the voting rights of shares held.
Shares in the Company held by the Trust are classified and disclosed as Treasury shares, and deducted from share capital. Dividends received by the Trust are recorded as dividend income in the financial statements of the Trust and are eliminated on consolidation.
Non-Executive Directors have the opportunity to participate in the IOOF Deferred Share Purchase Plan. The plan provides a facility for Non-Executive Directors to salary sacrifice base salary or future incentive entitlements in order to acquire shares. As the purchase is funded by Directors' salary sacrifice, no additional expense is recorded by the IOOF Group.

Section 6 - Other disclosures

6-4 Remuneration of auditors

Auditors' remuneration paid or payable by members of the IOOF Holdings Ltd Group to the auditors of the corporate entities in relation to audit services of the corporate entities and products operated by the Group during the year and for the comparative prior period:

	2014 $	2013 $
Audit services		
Auditors of the Company		
KPMG Australia		
Audit and review of financial reports	2,555,962	2,632,700
Other regulatory audit services	1,318,447	1,054,300
	3,874,409	3,687,000
Other services		
Auditors of the Company		
KPMG Australia		
Taxation services	263,138	88,103
Due diligence services	199,000	121,864
Other services	222,980	192,760
	685,118	402,727
	4,559,527	4,089,727

All amounts payable to the Auditors of the Company were paid by an IOOF Group subsidiary.

6-5 Key management personnel

The key management personnel compensation comprised:

	2014 $	2013 $
Short-term employee benefits	5,113,825	4,461,681
Post-employment benefits	249,681	210,722
Share-based payments	1,490,207	2,494,255
	6,853,713	7,166,658

Key management personnel compensation reconciles to disclosures in the remuneration report as follows:

Executive key management personnel	5,948,255	6,309,854
Non-executive Directors	905,458	856,804
	6,853,713	7,166,658

Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

No Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

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

Section 6 - Other disclosures

6-6 Related party transactions

(a) Ultimate parent entity

IOOF Holdings Ltd is the ultimate parent entity in the Group.

(b) Loans to Directors and executives of associates and subsidiaries

	Financial year	Opening balance 1 July $	Closing balance June $	Interest paid and payable during the year $	Highest balance during the year $
Interest free loans					
Perennial Value Management Ltd	**2014**	**2,286,717**	**2,286,717**	**-**	**2,286,717**
	2013	2,286,717	2,286,717	-	2,286,717
Interest bearing loans					
Perennial Value Management Ltd	**2014**	**6,202,447**	**6,218,900**	**286,014**	**6,315,089**
	2013	6,189,649	6,202,447	305,676	6,303,081
Perennial Growth Management Pty Ltd	**2014**	**1,890,083**	**1,900,984**	**91,315**	**1,915,407**
	2013	1,574,548	1,890,083	88,391	1,890,083
Perennial Fixed Interest Partners Pty Ltd	**2014**	**119,911**	**119,678**	**6,215**	**122,280**
	2013	120,529	119,911	6,215	123,385

The amounts above were advanced by Perennial Investment Partners Ltd and IOOF Investment Management Ltd for the specific purpose of assisting executives to acquire an equity interest in subsidiaries and associates of the Company. Secured interest bearing loans totalling $8,239,562 were made on commercial terms and conditions and loans totalling $2,286,717 are unsecured interest free loans.

(c) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in section 6-5 to the financial statements and in the Remuneration Report.

ii. Loans to key management personnel

There are no loans between the IOOF Group and key management personnel.

iii. Other transactions with key management personnel of the Group

There were no other transactions with key management personnel of the IOOF Group during the 2014 and 2013 financial years.

(d) Transactions with other related parties

Other related parties of the Group include associates listed in section 4-2 Equity-accounted investees.

	2014 $	2013 $
Receipt of service charge revenue from associates	1,936,563	2,027,000
Payment of management fees to associates	10,015,246	13,940,822

Section 7 - Basis of preparation

This section sets out the IOOF Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a single note, the policy is described in the note to which it relates. This section also shows new accounting standards, amendments and interpretations, and whether they are effective in 2014 or later years. We explain how these changes are expected to impact the financial position and performance of the IOOF Group.

7-1 Reporting entity

The Company is a public company listed on the Australian Stock Exchange (trading under the symbol 'IFL'), domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its controlled entities and the IOOF Group's interests in associates.

The IOOF Group is a for-profit entity and is primarily involved in the provision of wealth management services.

The Company's registered office and its principal place of business are Level 6, 161 Collins Street, Melbourne.

7-2 Basis of preparation

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The annual financial report was approved by the Board of Directors on 22 August 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value; and
- share-buy back liabilities are measured at fair value.

The statement of financial position is presented in order of liquidity.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise stated. Amounts included in narratives are expressed as whole dollars but rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

To conform with AASBs management is required 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 estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- section 1-1(e) - Share buy-back liabilities
- section 2-2 - Revenue (upfront service fees)
- section 2-3 - (vii) Deferred acquisition costs
- section 4-3 - Intangible assets (other than goodwill)
- section 4-4 - Goodwill
- section 6-3 - Share-based payments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- section 2-5 - utilisation of tax losses and uncertain tax position;
- note 4-3 & 4-4 - key assumptions used in discounted cash flow projections; and
- note 3-3 & 4-5 - contingencies and provisions.

Section 7 - Basis of preparation

7-3 Other significant accounting policies

Significant accounting policies have been included in the relevant notes to which the policies relate. Other significant accounting policies are listed below.

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

(a) Changes in accounting policies

Except for the changes below, the IOOF Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.
The IOOF Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.
Adoption of these amendments has resulted in modified presentation only with comparative information re-presented accordingly.

- IFRS 12 *Disclosure of Interests in Other Entities*
- *Presentation of Items of Other Comprehensive Income (Amendments to IAS 36)*

The adoption of the following standards had no impact on the consolidated financial statements.

- IAS 19 *Employee Benefits* (2011)
- IFRS 10 *Consolidated Financial Statements*

The adoption of the following standard has impacted the consolidated financial statements and is described further below.

- IFRS 13 *Fair Value Measurement*

(i) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS7. As a result, the Group has included additional disclosures (see Note 1-3 Financial Instruments).

The IOOF Group changes the fair value measurement of listed investments from the bid price to closing price. In accordance with the transitional provisions of IFRS 13, the change has been applied prospectively and has not restated any comparative information. Notwithstanding the above, the change had no significant impact on the measurements of the IOOF Group's assets and liabilities.

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all controlled subsidiaries for the year then ended. This includes the benefit funds of its subsidiary, IOOF Ltd, and any controlled trusts.
The benefit funds, and any trusts controlled by those funds, are treated as statutory funds in accordance with the Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the IOOF Group, are shown separately from shareholder funds in the notes to the financial statements.
Refer to Note 5-2 Liabilities relating to statutory funds for information in relation to the different accounting treatment of investment contracts with discretionary participating features.

(i) Business combinations

The IOOF Group accounts for business combinations 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. Transaction costs 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.
When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Section 7 - Basis of preparation

7-3 Other significant accounting policies (continued)

(ii) Non-controlling interests
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the IOOF Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries
Subsidiaries are entities controlled by the IOOF 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.

(iv) Loss of control
When the IOOF Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) IOOF Equity Plans Trust (the "Trust")
The IOOF Group has formed a trust to administer the IOOF Group's employee share schemes. The Trust is consolidated, as the substance of the relationship is that the Trust is controlled by the IOOF Group. Shares held by the Trust are disclosed as treasury shares and are deducted from share capital.

(vi) Transactions eliminated on consolidation
Intra-IOOF Group balances and transactions, and any unrealised income and expenses arising from intra-IOOF Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the IOOF Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Dividends paid to the Trust are also eliminated.

(b) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.
Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR).

(c) Property and equipment

(i) Recognition and measurement
Property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.
Cost includes expenditure that is directly attributable to the acquisition of the asset.
The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(ii) Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the IOOF Group. Repairs and maintenance costs are charged to profit or loss as they are incurred.

Section 7 - Basis of preparation

7-3 Other significant accounting policies (continued)

(iii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the IOOF Group will obtain ownership by the end of the lease term.
Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative year are as follows:
- office equipment 3-10 years
- leasehold improvements 3-10 years
- equipment under finance lease 3-10 years

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

(d) Impairment

(i) Non-derivative financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the IOOF Group on terms that the IOOF Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the IOOF Group, economic conditions that correlate with defaults or the disappearance of an active market of a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (eg. a repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets
Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the investment revaluation reserve, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.
Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets
The carrying amounts of the IOOF Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.
An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Section 7 - Basis of preparation

7-3 Other significant accounting policies (continued)

(d) Impairment (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from continuing use of other assets or groups of assets (the CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(e) Goods and service tax (GST)

Revenues, expenses and assets (excluding receivables) are recorded net of GST. GST input tax credits are initially recorded as an asset and GST collected as a liability. These balances are offset as at the reporting date and recognised as either an amount receivable or payable to the Australian Taxation Office. The GST portion relating to financial supplies and non-deductible expenditure, for which an input tax credit cannot be claimed, is expensed or is recognised as part of the cost of acquisition of an asset.

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

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

7-4 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The IOOF Group's will apply the standards and amendments for the next reporting period commencing after the effective date. The adoption of these changes are not expected to have a material impact on the IOOF Group's financial statements or accounting policies.

New standards or amendments	Effective date
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IFRIC 21 Levies	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2015
IFRS 9 Financial Instruments	1 January 2015

7-5 Subsequent events

On 6 August 2014, SFGA joined the IOOF Group via a scheme of arrangement. The IOOF Group acquired all of the ordinary shares in SFGA for a total consideration of $76.7 million and the issue of 68,015,718 shares in the Company to former SFGA shareholders. The IOOF Group entered into a Debt Facility for $100 million to fund the cash consideration component of the scheme of arrangement and transition costs. Further information about the acquisition is disclosed in note 4-1 Acquisitions.

The Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report or the consolidated financial report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.