Insignia™ Financial

Annual Financial Report

30 June 2022

Insignia Financial Ltd
ABN 49 100 103 722

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Operating and financial review

About Insignia Financial Ltd

Insignia Financial Ltd (previously IOOF Holdings Ltd) (the Company or Parent) is listed on the Australian Securities Exchange (ASX: IFL). The Insignia Financial Ltd consolidated group includes the Company and its controlled entities (the Insignia Financial Group or the Group).

The Insignia Financial Group has been helping Australians secure their financial future since 1846. During that time, the Insignia Financial Group has grown substantially to become one of the largest groups in the financial services industry.

Purpose

The Insignia Financial Group's purpose is to:

- understand me;
- look after me; and
- secure my future.

The Insignia Financial Group's ambition is to create financial wellbeing for every Australian.

The Insignia Financial Group intends to achieve this through

- delivering what matters to clients;
- continuing to promote a ClientFirst culture; and
- building a better tomorrow for the community and shareholders.

Principal activities

The principal activities of the Insignia Financial Group are:

- **Platforms:** Offering a wide range of financial services solutions on superannuation and investments to clients including investors, members, employers and advisers.
- **Advice:** Providing quality financial advice that is accessible, affordable and engaging for Australians, and helping clients navigate their way through a range of financial products and services and educating clients to improve their financial literacy.
- **Asset Management:** Delivering strong and consistent returns to clients with access to world-leading investment managers across a broad range of highly rated single and multi-manager capabilities and other attractive investment opportunities.

Effective 9 December 2021, the Company changed its name to Insignia Financial Ltd and commenced rebranding the corporate group to Insignia Financial. The Insignia Financial name is a unifying brand for Insignia Financial's people and represents the shared ambition of creating financial wellbeing for all Australians.

Strategy and outlook

The Insignia Financial Group has been helping Australians secure their financial future for 176 years. During that time, the Insignia Financial Group has grown substantially to become a leading provider of quality financial advice, products and services with more than $297.5 billion in Funds Under Management and Administration (FUMA) as at 30 June 2022 and over 2 million clients throughout Australia. The Insignia Financial Group's ambition is to create financial wellbeing for all Australians, which is founded upon its purpose of 'understand me, look after me, secure my future' and its ClientFirst thinking, principles and ways of working whereby the Insignia Financial Group places clients at the centre of everything it does.

As a client-led organisation, the Insignia Financial Group believes that success only emanates from caring about people, providing outstanding service and delivering consistent performance and further, that by exceeding the needs of its clients, the Insignia Financial Group can build an enduring and trusted institution which is capable of creating wealth for shareholders on an ongoing basis. Accordingly, the Insignia Financial Group views client value creation and shareholder wealth creation as joint and mutually reinforcing objectives. By acting in clients' best interests and improving outcomes for clients, the Insignia Financial Group can reward shareholders for their investment.

Operating and financial review

Strategy and outlook (continued)

The Insignia Financial Group's commitment to improve client outcomes is underpinned by:

- An ability to leverage its scale and manage ongoing operational efficiency to allow for continued investment in new products and services;
- Ownership of multiple elements of the wealth value chain to efficiently and seamlessly deliver the needs of clients, from early accumulation through to drawdown in retirement;
- Providing advice, in the appropriate form and at the appropriate juncture, to help Australians achieve their financial wellbeing and retirement objectives;
- A contemporary, flexible and competitive suite of offerings supported by choice to efficiently address clients' evolving needs over time;
- Differentiated service focusing on 'what matters' to clients, delivered through ClientFirst;
- Consistent and sustainable investment performance;
- Ensuring a trusted partner status underpinned by robust governance, compliance and risk management frameworks and a commitment to integrating environmental, social and governance factors into strategic and investment decisions and operational processes; and
- An open architecture approach which actively promotes and supports not only the Insignia Financial Group's products but also those products offered by competitors. If the Insignia Financial Group does not have the best solutions, the Insignia Financial Group partners with other experts who do.

Execution of the Insignia Financial Group's strategic initiatives positions it to create financial wellbeing for all Australians. This is underpinned by a strong balance sheet, delivery of synergies and revenue growth in its operating segments. The Insignia Financial Group will continue to provide quarterly business performance updates along with progress on the execution of its strategic initiatives.

In pursuit of its ambition, the Insignia Financial Group has formulated a three-stage programme designed to enable it to stabilise, simplify and prosper. The Insignia Financial Group completed the stabilise phase in FY20. The Insignia Financial Group now has an integration and simplification strategic focus and expects that this current phase will continue to FY25. Refer to page 6 for further updates on the integrate & simplify stage.

FY19 to FY20

Stabilise

- **Purpose driven culture**
- **Uplift governance capabilities**
- **Capital management**

FY21 to FY25

Integrate & simplify

Simplification across platforms, products, investments, entities and enablers is the key to unlocking benefits of scale for clients by:

- Reducing cost to serve and fees
- Simplifying and uplifting products and investments
- Reducing risk by reducing complexity and adopting best practices
- Uplifting foundational enabling capabilities

FY25/26 and beyond

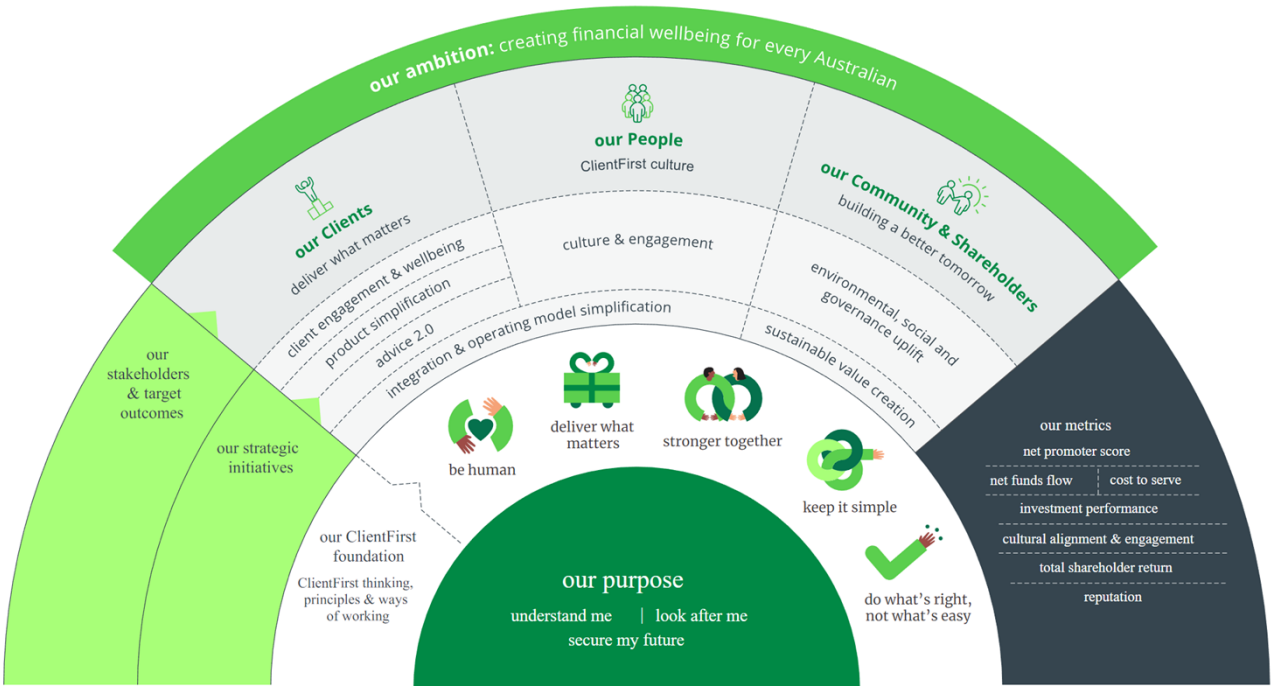
Prosper

- **Best in class capabilities for clients**
- **Low cost to serve for clients**
- **Scalable, efficient model**
- **Advice advocacy and trusted reputation**

Operating and financial review

Strategy and outlook (continued)

The Insignia Financial Group's strategy on a page sets out the outcomes which it is seeking to achieve for its key stakeholders and during the simplification phase, the key strategic priorities to deliver those outcomes.



Environmental, social and governance (ESG)

The Insignia Financial Group acknowledges that sustainability of its business is intrinsically linked to the sustainability of the environment and the communities in which it operates.

Maintaining strong environmental, social and governance (ESG) practices forms part of the Insignia Financial Group's business strategy and enables the Group to manage risks and realise long-term value for all stakeholders.

The Insignia Financial Group has continued to build its ESG capability throughout FY22. The Group believes in the science of climate change and is committed to supporting the global vision to move to net zero 2050. In June 2022, the Insignia Financial Group achieved carbon neutrality across its business operations through the offsetting of scope one, two, and three emissions. The Company is also currently in the process of becoming a Climate Active accredited organisation.

After almost doubling in employee numbers following the acquisition of MLC, later this calendar year the Insignia Financial Group plans to make a further carbon reduction commitment by 2030, once 2022 emissions have been benchmarked.

To help guide our responsible investment practices, the Insignia Financial Group is a member of the Investor Group on Climate Change (IGCC) and a member of Responsible Investment Association of Australia (RIAA) through the Asset Management business.

The Insignia Financial Group is also building stronger community connections through workplace giving, the IOOF Foundation and engaging with First Nations Australians. The Group has also focused on creating a sense of belonging for its people, given the significant growth of the business.

The Insignia Financial Group's annual ESG report, set to be published in October 2022, will provide detailed information on our ESG material matters and how we are progressing towards our United Nations Sustainable Development Goals. The Insignia Financial Group will also be addressing climate risk using the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework.

Operating and financial review

Integration and simplification

During the year, the Insignia Financial Group made further progress in executing its integration and simplification priorities, including the following:

Strategic priority refresh

The Insignia Financial Group articulated its strategic ambition, being to provide financial wellbeing to every Australian, which is consistent with the Insignia Financial Group's purpose and ClientFirst thinking, principles and ways of working. In pursuit of that ambition, the Insignia Financial Group prioritised strategic initiatives focused on integration and operating model simplification, client engagement and financial wellbeing, platform, product and entity simplification, Advice 2.0, ESG uplift and culture and engagement.

Organisational design

The Insignia Financial Group completed a program to simplify and optimise its organisational structure. As part of this program, the Technology division was repointed to the Chief Operating & Technology Officer in September 2021. This new operating model more closely aligns technology with the integration and simplification agenda and allows technology capabilities to be more deeply embedded in the Insignia Financial Group's ClientFirst thinking, principles and ways of working.

In June 2022, the Insignia Financial Group completed a program of work to simplify governance structures of and processes for entities within the Insignia Financial Group, which will provide a foundation for future simplification.

Separation of the ex-ANZ Pensions and Investments (P&I) business

The Insignia Financial Group finalised the technology approach for the separation of the P&I business from ANZ and completed the activities to be undertaken prior to 30 June 2022. The Insignia Financial Group expects to complete the separation by 31 October 2022, including the transition of the systems and people supporting the P&I business to the Insignia Financial Group's environment and the exit from all transitional services provided by ANZ.

Separation of the MLC business

The Insignia Financial Group determined the approach for transitioning MLC employees from the NAB environment to the Insignia Financial Group's environment and commenced the related activities. The Insignia Financial Group progressed the design of the technology approach for separating from NAB the systems which support the MLC business. A key element of those plans is the convergence of separation activities with platform, product and entity simplification activities. Until the separation milestone is achieved, NAB will continue to provide services to the Insignia Financial Group under a transitional services agreement.

Platform simplification

Platform, product and entity simplification ('platform simplification') is one of Insignia Financial Group's strategic priorities and is key to unlocking benefits of scale for all stakeholders by creating opportunities for growth by investing in and focusing on what matters to clients, reducing risk by reducing complexity and cost to serve, thereby allowing the Insignia Financial Group to create improved outcomes for clients that are economically sustainable. A fundamental part of this simplification is Evolve, a cross functional program of work focused on the delivery of a contemporary integrated platform. The first phase of this work, Evolve21, which involved the integration of all heritage Insignia Financial Group proprietary products into the Evolve platform, was completed in December 2021.

Operating and financial review

Integration and simplification (continued)

Platform simplification (continued)

The Insignia Financial Group plans to converge certain activities relating to the separation of the MLC business with certain platform simplification activities. As part of this approach, the next major phase of platform simplification focuses on the execution of Evolve23, which is expected to be completed in mid 2023, thereby reducing the number of platforms supporting the MLC business from 3 to 2.

In June 2022, the Insignia Financial Group completed the transition of 21,372 members from the legacy Integra Super product to the contemporary ANZ Smart Choice Super product. All transitioned members now have the benefit of more contemporary product features and investment options and the number of platforms administered by the P&I business has been reduced from 3 to 2.

Synergy program

The Insignia Financial Group's synergy program includes the following key activities: organisational design, procurement savings, property consolidation and external investment manager fee reviews.

During the year, the Insignia Financial Group achieved $78m in-year synergies realised in the profit and loss (2021: $34m). Integration and synergy realisation is currently ahead of plan and the $218m synergy target ($68m from ex-ANZ P&I acquisition and $150m from MLC acquisition) is expected to be achieved within an accelerated timeframe. In particular, the synergies associated with the MLC acquisition are expected to be largely completed by 31 December 2022, 18 months ahead of the original plan of 3 years.

Run rate synergies of $124m were achieved in the year resulting in cumulative run rate synergies of $180m against the $218m synergy target. The synergy run rate target is expected to be largely achieved by 31 December 2022, with in-year benefits flowing through to FY24.

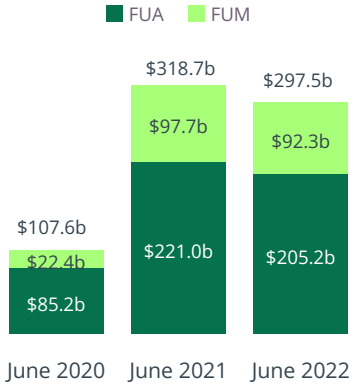
The Insignia Financial Group expects to achieve further synergies beyond the original $218m target, primarily as a result of platform simplification and operating model optimisation opportunities.

Operating and financial review

Financial highlights

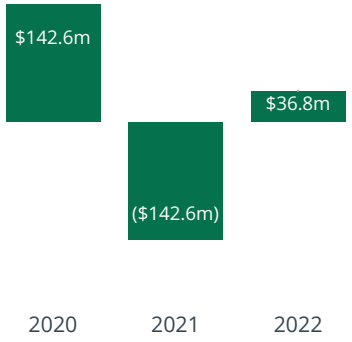
FUMA (funds under management and administration)[1,2]

Improved net flows offset by lower market performance



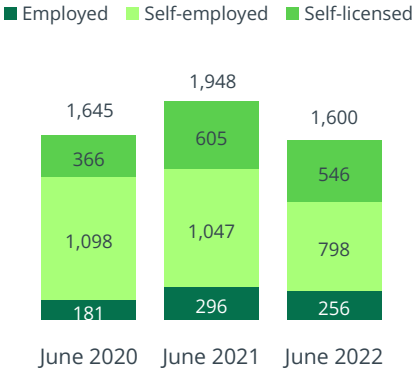
NPAT (net profit after tax)[4]

Improved financial performance, partially offset by the impact of impairment and remediation



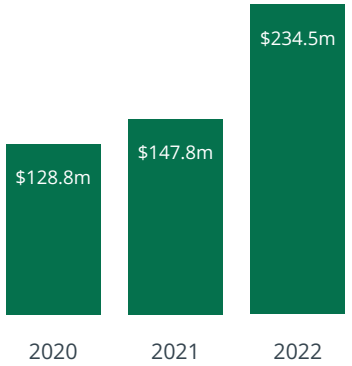
Number of advisers[2]

Adviser numbers declining as part of the journey to Advice sustainability



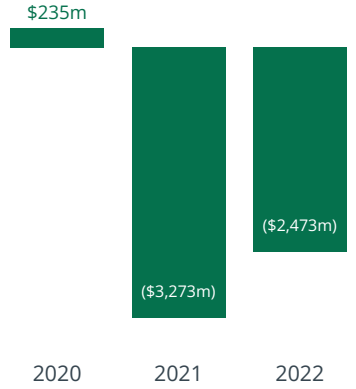
UNPAT (underlying net profit after tax)

Strong business growth underpinned by delivery of synergies



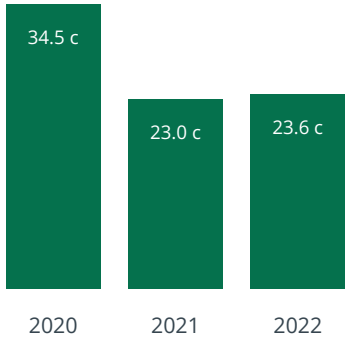
Net flows[3]

Improvement in platform net flows



Dividends (cents per share)

Dividend underpinned by earnings growth



[1] FUMA at 30 June 2021 has decreased by $134.7 billion to remove the impact of client monies being recognised as Master Trust FUA or Investment FUM and again as Portfolio Management FUM as disclosed in the 31 December 2021 interim financial report.
[2] June 2020 doesn't include MLC.
[3] Excludes early release of super. 2020 excludes MLC. 2021 excludes MLC for 11 months.
[4] 2021 amount is restated. Refer to Note 27 Acquisition of subsidiary.

Operating and financial review

Financial performance

NPAT (Net profit after tax)

NPAT for the year ended 30 June 2022 was $36.8m (30 June 2021: $142.6m loss). The increase in NPAT has been driven by the inclusion of MLC operating results. This has been partially offset by an increase in transformation and integration expenses of $45.9m, additional historical advice remediation charges of $47.9m and product remediation of $3.5m. The 30 June 2021 result included one-off BT settlement income of $58.8m following termination of the platform relationship and a goodwill impairment of $199.9m relating to historical acquisitions.

UNPAT (Underlying net profit after tax)

UNPAT is a non-IFRS metric that is used by management to monitor the performance of the Group. In calculating UNPAT, the Insignia Financial Group reverses the impact on profit of certain, predominantly non-recurring, items to enable a better understanding of its underlying operational result. It is the UNPAT result which will be analysed in detail in this section of the Directors' Report.

UNPAT for the year ended 30 June 2022 was $234.5m (30 June 2021: $147.8m), an increase of $86.7m driven by inclusion of MLC operating results, revenue growth driven by market performance as well as realisation of benefits and synergies from strategic initiatives.

FUMA (Funds under management and administration)

At 30 June 2022, FUMA was $297.5 billion (30 June 2021: $318.7 billion). The reduction in FUMA is driven by deteriorating market performance of $15.7b, net outflows of $2.5b and pension payments of $3.0b. During the year, the Group has experienced an improvement in Platform net flows primarily through:

- $2.8b in advisory net inflows into Evolve products during the year, with $39.0b now on this contemporary, client-centred technology;
- MLC Core Wrap product remains popular with advisers, with $1.2b in net inflows during the year;
- Demonstrated improving flows trend in ex-ANZ P&I for three consecutive quarters following implementation of strategic initiatives; and
- Strong and growing trajectory across retail multi-asset with $2.0b in net inflows during the year including $0.4b in MLC's separately managed accounts capability.

Following the completion of the MLC acquisition, the Insignia Financial Group revised the methodology used across the Group to calculate FUMA in order to ensure consistency of reporting across the business. In addition to consistency, the new methodology is to better align recognition of FUMA with the recognition of revenues. Under the previous FUMA methodology, the FUMA balance at 30 June 2021 was $453.4 billion[1].

Reconciliation of UNPAT to NPAT

The following table, which has not been audited, provides a reconciliation between the UNPAT and NPAT of the continuing operations of the Insignia Financial Group, excluding the results of the statutory funds.

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

	2022	2021*
	$'m	$'m
Profit/(Loss) for the year	36.8	(142.6)
Profit from discontinued operations	(9.2)	(10.2)
Profit/(Loss) from continuing operations	27.6	(152.8)
UNPAT adjustments:		
Transformation and integration costs	96.1	50.2
Amortisation of intangible assets	84.6	59.1
Remediation costs	70.1	28.2
Evolve21 costs	9.0	12.6
Evolve23 costs	11.3	-
Legal settlement	2.0	24.3
Fair value changes on financial instruments	(4.4)	5.0
Income tax attributable	(72.3)	(39.9)
Impairment of goodwill	-	199.9
BT settlement income	-	(58.8)
Other	-	8.3
Total UNPAT adjustments	196.4	288.9
UNPAT from continuing operations	224.0	136.1
UNPAT from discontinued operations	10.5	11.7
UNPAT	234.5	147.8

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

[1] FUMA has decreased by $134.7 billion to remove the impact of client monies being recognised as Master Trust FUA or Investment FUM and again as Portfolio Management FUM as disclosed in 31 December 2021 interim financial report.

Operating and financial review

Financial performance (continued)

Discontinued operations: This consists of the results of the AET businesses, including Australian Executor Trustees Limited and AET PAF Pty Ltd (collectively AET). The Insignia Financial Group has entered into a share sale agreement to sell the AET businesses and the divestment is expected to be completed by the end of calendar year 2022. Refer to Note 30 Discontinued operations for details.

Transformation and integration costs: This includes transaction costs associated with external advisers, upfront costs of securing finance and internal staff and specialist contractor costs relating to the acquisition and integration of recently acquired MLC and ANZ P&I businesses. This category also includes project labour costs, redundancy and termination costs, IT and other consultancy fees, outsourced hosting services and adviser recognition program costs directly related to transformation and integration of those businesses.

Amortisation of intangible assets: Amortisation of acquired intangible assets over their useful lives. This does not include amortisation of internally developed software.

Remediation costs: Expenses recognised in Insignia Financial Group's remediation provisions relating to its structured remediation programs.

Evolve21 and Evolve23 costs: Project labour costs and IT consultancy fees associated with development and transformation of the Insignia Financial Group's proprietary Evolve platform. The program is bringing multiple heritage platforms together for simplification through Evolve21 and Evolve23.

Fair value changes on financial instruments: Includes (gains) / losses from fair value movements on financial instruments held at fair value through profit and loss.

Legal settlement: FY22 includes settlement of legal matters and professional indemnity insurance recoveries of adviser compensation. FY21 included expenses predominantly associated with settlement of judgment in *Kerr v Australian Executor Trustees (SA)* proceedings.

Income tax attributable: Income tax applied against certain items that are UNPAT adjusted.

Impairment of goodwill: Impairment in the prior period related to goodwill associated with Shadforth, DKN and Bridges businesses due to termination of platform relationship with BT Portfolio Services Ltd (BT) and cessation of grandfathered commissions.

BT settlement income: One-off settlement revenue in connection with the termination of the platform relationship with BT in FY21.

Other: Includes governance uplift costs, Advice 2.0 costs and other non-recurring professional fees in FY21.

Operating and financial review

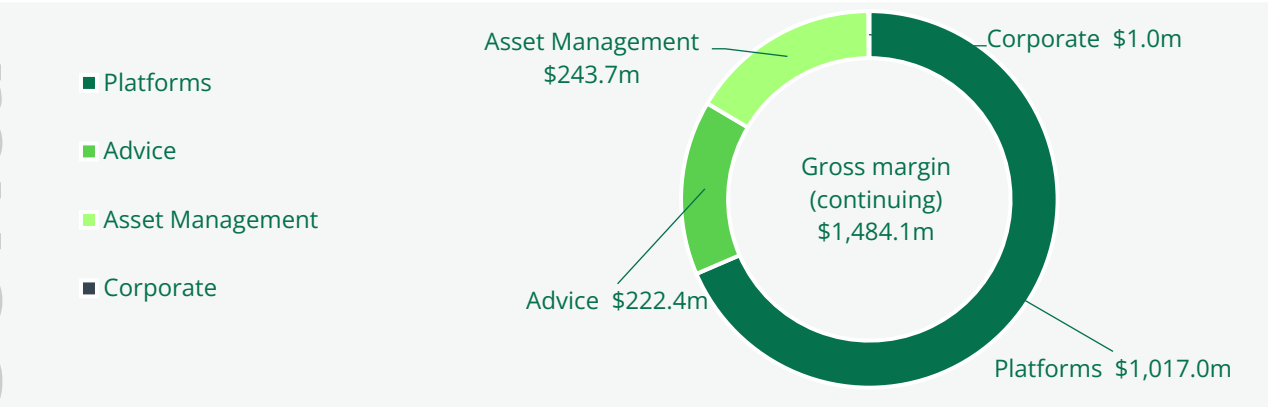
Financial performance (continued)

Key financial results

	2022	2021	Movement	
	$'m	$'m	$'m	%
Gross margin	1,484.1	731.9	752.2	102.8%
Operating expenses	(1,095.6)	(505.9)	(589.7)	116.6%
Net financing costs	(24.3)	(7.1)	(17.2)	242.3%
Net non-cash items	(56.1)	(31.3)	(24.8)	79.2%
Income tax expense	(84.1)	(51.5)	(32.6)	63.3%
UNPAT from continuing operations	224.0	136.1	87.9	64.6%
UNPAT adjustments	(196.4)	(288.9)	92.5	(32.0%)
NPAT from continuing operations	27.6	(152.8)	180.4	(118.1%)

Gross margin from continuing operations

Increase in gross margin is primarily driven by the inclusion of the MLC business, further supported by the growth in average FUMA underpinned by market performance.



Operating expenses

Increase in operating expenditure is due to the inclusion of MLC business, partially offset by the realisation of synergy benefits.

Net financing costs

Increase in net financing costs is largely driven by higher interest charges following drawdown on borrowings during the year.

Net non-cash items

Increase in net non-cash items is largely driven by an increase in amortisation of right of use assets associated with the MLC acquisition, $3.3m loss on sale of subsidiary and a $7.8m impairment of assets in FY22.

Operating and financial review

Shareholder returns

The Insignia Financial Group dividend is determined based on financial performance and the Group seeks to offer an attractive yield. 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 is generally appropriate, but not binding, in relation to ordinary dividends.

Total Shareholder Return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. The Insignia Financial Group's TSR in the 5-year period from 1 July 2017 was -54.9% in total and -14.7% on a compounding annualised basis. The TSR for the 12 months to 30 June 2022 was -31.5% with a share price decrease of 37.0% partially offset by a dividend yield on the opening share price of 5.5%.

	2022	2021	2020	2019	2018
Profit/(Loss) attributable to owners of the Company ($'m) [1]	36.8	(142.6)	141.2	28.6	88.3
Profit/(Loss) for the year for continuing operations ($'m)	27.6	(152.8)	52.8	(30.0)	105.4
Basic EPS (cents per share)	5.7	(24.2)	40.3	8.1	26.4
Diluted EPS (cents per share)	5.6	(24.2)	40.2	8.1	26.4
Basic EPS (continuing operations) (cents per share)	4.3	(25.9)	15.1	(8.5)	31.6
UNPAT ($'m)	234.5	147.8	128.8	198.0	191.4
UNPAT EPS (cents per share)	36.1	25.1	36.8	56.5	57.3
UNPAT EPS (continuing operations) (cents per share)	34.5	23.1	35.4	56.3	52.6
Dividends declared ($'m) [2]	153.8	149.3	121.2	131.7	189.6
Dividends per share (cents per share) [2]	23.6	23.0	34.5	37.5	54.0
Opening share price	$4.27	$4.92	$5.17	$8.99	$9.80
Closing share price at 30 June	$2.69	$4.27	$4.92	$5.17	$8.99
Return on equity (statutory measure) [3]	1.50%	(5.74%)	8.28%	1.57%	5.21%
Return on equity (non-statutory measure) [3]	9.52%	5.96%	7.59%	10.90%	11.30%

[1] Profit attributable to owners of the Company has been calculated in accordance with Australian Accounting Standards.

[2] Dividends declared and dividends per share are those paid or declared from the relevant financial year's profits

[3] Return on equity is calculated by dividing NPAT and UNPAT by average equity during the year.

Operating and financial review

Financial position

	2022 $'m	2021* $'m	Change %
Assets			
Financial assets including cash	2,443.1	2,734.4	(10.7%)
Assets classified as held for sale	76.6	-	100.0%
Other assets	179.8	133.8	34.4%
Property and equipment	208.1	145.8	42.7%
Intangible assets including goodwill	2,606.7	2,742.5	(5.0%)
Total assets	**5,514.3**	**5,756.5**	**(4.2%)**
Liabilities			
Financial liabilities	1,575.4	1,565.0	0.7%
Liabilities associated with assets classified as held for sale	10.2	-	100.0%
Provisions	545.7	893.0	(38.9%)
Lease liabilities	189.4	124.9	51.6%
Borrowings	771.3	648.6	18.9%
Deferred tax liabilities	21.4	32.0	(33.1%)
Total liabilities	**3,113.4**	**3,263.5**	**(4.6%)**
Net assets	**2,400.9**	**2,493.0**	**(3.7%)**
Number of ordinary shares (million)	653.9	649.3	0.7%
Net assets per ordinary share ($ per share)	**3.67**	**3.84**	**(4.4%)**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Financial assets (including cash) decreased $291.3m due to a $94.3m reduction in unlisted unit trusts held in the statutory funds, $53.5m reduction in receivables and $152.7m decrease in cash which was primarily driven by dividend payments of $134.7m and transformation spend of $116.4m, partially offset by $114.0m of net drawdown of borrowings.

Other assets increased by $46.0m driven by an increase in current tax receivable of $42.5m.

Assets and liabilities classified as held for sale have increased by $76.6m and $10.2m respectively. This represents assets and liabilities relating to the planned divestment of Australian Executor Trustees which has been classified as a discontinued operation.

Property and equipment increased by $62.3m which was driven by new leases entered into during the year of $96.5m and IT assets of $19.6m, partially offset by depreciation and amortisation charges of $30.9m.

Intangibles (including goodwill) decreased by $135.8m which has been driven by the amortisation of acquired intangibles and reclassification of assets to held for sale.

Financial liabilities increased by $10.4m due to the increase in Ex-ANZ AL (Aligned Licensees) settlement payable of $150m, partially offset by decreases in trade payables and investment contract liabilities in the statutory funds.

Provisions decreased by $347.3m which has been driven by remediation payments across all remediation programs to customers of $315.0m and program costs of $91.2m. These payments have been partially offset by net $73.2m of additional advice remediation provisions and net $3.5m of product remediation.

Lease liabilities increased $64.5m due to the new leases entered into, offset by lease payments made.

Borrowings have increased by $122.7m due to further drawdown of the Group's syndicated facilities of $194.0m offset by $80.0m repayments.

Operating and financial review

Capital and liquidity management

Capital and liquidity positions are assessed on a monthly basis to ensure license requirements and lending covenants are met at all times. As part of this process any capital or liquidity surplus / needs are identified across the Insignia Financial Group. Existing balance sheet capacity is expected to remain sufficient for the near future.

Capital management

The Insignia Financial Group's capital management principles are to maximise returns to shareholders through enabling the execution of the Group's strategy whilst remaining compliant with the Group's risk appetite statement and regulatory requirements.

As part of its capital management strategy, Insignia Financial Group continually assesses whether it is optimising its use of capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or adjust debt levels. The Group monitors capital through the Group's risk appetite framework, managing it as investment, working or regulatory capital.

The Insignia Financial Group has maintained its focus on balance sheet strength by:

- refinancing of a new syndicated facility agreement, supported by a group of six new and existing lenders; and
- continued expense management across the Group.

Liquidity management

The Insignia Financial Group actively manages liquidity risk by preparing cash flow forecasts for future periods and through periodic review by senior management and the Board actively assessing options to ensure that internal liquidity requirements are met at all times.

During the year, cash decreased by $152.7m driven by cash outflows associated with remediation and transformation programs and $134.7m dividends paid to shareholders. These outflows were partially offset by cash inflows from debt facility drawdowns of $114.0m and operating profits.

Borrowings

On 16 August 2022, the Insignia Financial Group entered into a new $955m syndicated facility agreement (SFA). The new SFA is supported by six new and existing lenders, comprising:

- a 3-year $340m revolving credit facility;
- a 4-year $290m revolving credit facility;
- a 4-year $270m term loan; and
- a 3-year $55m multi-option facility.

The new facility and structure provides improved flexibility, greater simplicity and improved terms. It also provides the flexibility to incorporate sustainability-linked pricing incentives linked to the achievement of environmental, social, or governance targets, which the Insignia Financial Group will further explore.

The Insignia Financial Group's senior corporate debt as at 30 June 2022 is $590m (30 June 2021: $476m). $275m of debt facilities remained undrawn at 30 June 2022 (30 June 2021: $389m). In addition, $31.5m of bank guarantees have been issued as part of the debt facilities (30 June 2021: $30.6m). Bank guarantees are not shown on the statement of financial position.

The Insignia Financial Group is subject to certain financial covenants as part of its debt agreement, including a maximum ratio of net debt to EBITDA (leverage ratio) and a minimum interest cover (interest cover ratio). The Group complied with all these covenants throughout the year.

Operating and financial review

Platforms (Continuing operations)

Closing FUA

(Continuing operations)

$198.2 billion

(2021: $213.7 billion)

UNPAT

(Continuing operations)

$273.5 million

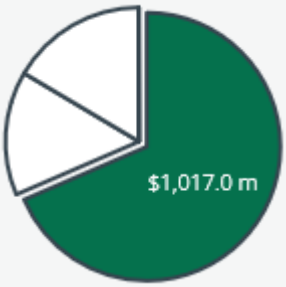
(2021: $126.3 million)

Gross Margin

(Continuing operations)

$1,017.0 million

(2021: $481.7 million)



Operating Expenditure

(Continuing operations)

$610.6 million

(2021: $283.4 million)

NPAT

(Continuing operations)

$158.0 million

(2021: $59.2 million)

The Platforms segment offers a wide range of financial services solutions on superannuation and investments to clients including investors, members, employers and advisers.

Funds under Administration (FUA)

FUA decreased by $15.5 billion as a result of market downturn in the second half of the year. However the net inflow position for the second half highlights that the improvements anticipated from the delivery of product enhancements and strategic repricing initiatives are being realised and on track.

Financial performance

Gross margin increased as a result of the inclusion of the MLC platforms business for the full year for 2022. However the gross margin % reduced from 49bps to 48bps as clients move between products driven by the Platform simplification strategy, along with the repricing initiatives.

Increased operating expenditure resulted primarily from the inclusion of the MLC platform business for the full year for 2022, but this has been partially offset by the realisation of synergy benefits.

Increase in NPAT was primarily due to the inclusion of MLC results for the full year for 2022.

Refer to Note 2 Operating Segments for details.

Platform simplification

Platform simplification is one of Insignia Financial Group's strategic priorities and the key to unlocking benefits of scale and reducing risk for all stakeholders, by reducing complexity and cost to serve. A fundamental part of the platform simplification program is Evolve, a cross functional program of work focused on the delivery and expansion of a proprietary, client-centred and contemporary integrated platform. In December 2021, the Insignia Financial Group achieved an important milestone in simplifying its platform suite with the completion of Evolve21, whereby $22.1 billion of funds under administration and 93,000 client accounts were migrated to the Evolve platform.

The Evolve platform is well positioned to continue to adapt and support the changing needs of clients, advisers and employers, helping transform the wealth management industry. As at 30 June 2022, the Evolve platform administers over $38.8 billion of client assets across 295,500 accounts and enables the ClientFirst service proposition to underpin adviser employer, member and investor offerings.

The next major phase of platform simplification focuses on the execution of Evolve23, which is expected to be completed in mid 2023, thereby reducing the number of platforms supporting the MLC business from 3 to 2.

Operating and financial review

Advice

Number of advisers

1,600

(2021: 1,948)

UNPAT

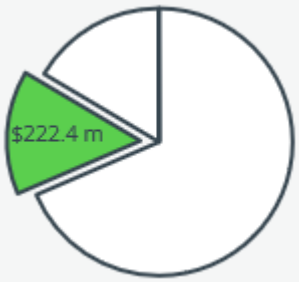
$55.3 million loss

(2021: $0.7 million profit)

Gross Margin

$222.4 million

(2021: $170.7 million)



Operating Expenditure

$283.3 million

(2021: $157.4 million)

NPAT

$120.9 million loss

(2021: $206.8 million loss)

The Advice segment provides quality financial advice that is accessible, affordable and engaging for Australians. The business helps clients navigate their way through a range of financial services and solutions and educates clients to improve their financial literacy.

Number of advisers

The decrease arose primarily through the loss of smaller practices in the self-employed channel that are not able to transition to the new sustainable advice model.

Financial performance

Gross margin increased due to the inclusion of the MLC Advice businesses and re-pricing in the self-employed channel. Excluding MLC Advice businesses, net operating revenue reduced slightly due to the termination of the BT contract in December 2020 and the cessation of grandfathered commissions.

Operating expenditure increased as a result of the inclusion of the MLC business, partially offset by synergy benefits realised from the Advice 2.0 strategic initiative, largely attributable to rationalisation of back-office functions and licensees.

Increase in NPAT was primarily driven by inclusion of MLC results for the full year for 2022 partially offset by additional remediation provisions recognised.

Refer to Note 2 Operating Segments for details.

Advice sustainability

The financial advice offering continues to transform under the new sustainable advice model to improve client engagement and the efficiency of advice practices, reduce our cost-to-serve and support the path to break-even of the Advice business.

On 2 May 2022, the Bridges and MLC Advice businesses integrated under a refreshed Bridges advice model, aligning governance, professional standards and ways of working with a focus on improving outcomes for clients.

Wealth Central, the Insignia Financial Group's digital engagement platform designed to help advisers deliver advice in a more efficient and engaging way, continues to be embedded into the newly combined Bridges business, as well as Shadforth. This makes it a unique differentiator and an advantage for our adviser network. The adoption and implementation program for self-employed practices also continues.

Strategy and outlook

The Advice business remains focused on building a financially sustainable, non-subsidised advice model as a pathway to ensure the profit break-even strategy for the Advice businesses is achieved.

Operating and financial review

Asset Management

Closing FUM

$92.3 billion

(2021: $97.7 billion)

UNPAT

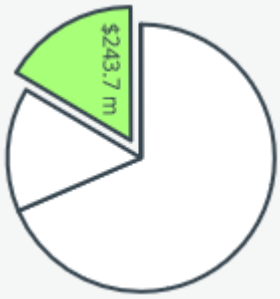
$73.6 million

(2021: $35.1 million)

Gross Margin

$243.7 million

(2021: $76.8 million)



Operating Expenditure

$137.2 million

(2021: $24.6 million)

NPAT

$58.6 million

(2021: $32.4 million)

The Asset Management segment provides investment management services on behalf of institutional, retail and direct clients across a diverse range of asset classes and product constructs.

Funds under Management (FUM)

FUM has decreased by $5.4 billion as a result of unfavourable market performance experienced in the second half of the year and net outflows of $1.8b in FY22.

FY22 saw several institutional clients rotate out of Presima's global listed property offering into direct property as well as general attrition in Antares Fixed Income as underlying clients rebalanced and managed their liquidity needs. There were also net outflows in the JANA implemented consulting business as institutional clients continued to transition portfolio construction capabilities to an inhouse model.

The institutional outflows seen were partially offset by strong momentum in MLC's Multi-Asset retail offerings with over $1.4b in net inflows originating from the MLC Core Wrap platform and MLC's new separately managed accounts offering.

Financial performance

Gross margin increased as a result of inclusion of the MLC business which includes Private Equity performance fees and share of associates profits. Excluding MLC, increase in gross margin was driven by higher FUM due to strong investment markets in the first half of FY22 and property transaction fees in the Insignia Financial Group's direct property capability.

Operating expenditure increased as a result of the inclusion of the MLC business, partly offset by synergy benefits realised through the integration of the MLC, IOOF and ANZ heritage Asset Management businesses. Excluding MLC, operating expenditure remains broadly in line with prior period.

Refer to Note 2 Operating Segments for details.

Operating and financial review

Corporate

Operating Expenditure

$64.5 million

(2021: $40.5 million)

UNPAT

$67.8 million loss

(2021: $26.0 million loss)

NPAT

$68.1 million loss

(2021: $37.6 million loss)

The Corporate segment comprises group functions required to support the Group and operating segments. Activities performed by the segment are of a strategic, shareholder or governance nature and reflect centralised corporate expenses.

Financial performance

Increase in operating expenditure is due to inclusion of the MLC business and an increase in employee expenses.

Decrease in UNPAT is impacted by the increase in financing costs, as a result of the MLC acquisition, an increase in depreciation charges and impairment of assets of $3.4m.

Refer to Note 2 Segment Note for details.

Refinance of corporate debts

On 16 August 2022, the Insignia Financial Group entered into a new $955m SFA. The new SFA is supported by six new and existing lenders, comprising:

- a 3-year $340m revolving credit facility;
- a 4-year $290m revolving credit facility;
- a 4-year $270m term loan; and
- a 3-year $55m multi-option facility.

The new facility and structure provides improved flexibility, greater simplicity and improved terms. It also provides the flexibility to incorporate sustainability-linked pricing incentives linked to the achievement of environmental, social, or governance targets, which the Insignia Financial Group will further explore.

Operating and financial review

Risk management

The Board is responsible for establishing and overseeing the Insignia Financial Group's Risk Management Framework (RMF) and has delegated authority for the oversight and monitoring of the Framework to the Group Risk and Compliance Committee and the Executive team. The key pillars of the RMF include:

- the Insignia Financial Group Risk Management Strategy (RMS) which sets out the Board's expectations regarding the consistent approach to develop and implement different strategies, policies, procedures and controls to appropriately manage different types of material risk. The RMS includes a description of each material risk, including key roles and responsibilities for managing the risk, outlines the risk governance structure and promotes a proactive risk culture. Risk management strategies are further defined in each regulated entity's RMS that reflect individual entity material risks in line with their business plans. The Insignia Financial Group maintains a risk taxonomy in line with the material risks defined in the RMS, with the purpose of providing a consistent language and consistent way to categorise risks;
- the Insignia Financial Group Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Insignia Financial Group is prepared to accept in pursuit of strategic and business objectives, giving consideration to the interests of clients and shareholders. Risk appetite and tolerances are further defined in each regulated entity's RAS that reflects individual entity risk management strategies and material risks or exposures, in line with their business plans (within the appetites set for Insignia Financial Group);
- the Insignia Financial Group Risk Management Policy (RMP) which sets out the methodology to identify, assess, manage, analyse, monitor and report on those risks that could impact the achievement of strategic objectives, impact core processes and/or result in non-compliance with obligations; and
- a three lines of defence governance model to govern risk management and compliance activities across the Insignia Financial Group. The three lines of defence model is the foundation for effective risk management. The overarching principle is that risk management capability must be embedded into the business to be effective.

During the 2022 financial year, the Insignia Financial Group has maintained its focus on the governance uplift across the Group including the integration of the newly acquired businesses. Effort continues post acquisition to identify opportunities to improve efficiency and ensure risk management resource adequacy across the organisation. 'Adequacy of Resources' procedural document has been developed to regularly review resource requirements.

The Insignia Financial Group manages a number of risks in conducting its operations and implementing its strategy. Material risks faced by the Insignia Financial Group include, but may not be limited to:

Material risk	Risk description	Response to risk
Strategic and tactical		
Changes in external business environment risk	The risk of changes in business environment, including changes in market conditions (management and services fee revenue is driven by % of FUMA) and sentiments, actions of competitors, evolving regulatory landscape, social influences and public perception, that could adversely impact the delivery of the Insignia Financial Group's business objectives and threaten the operational resilience and sustainability of the business.	The Insignia Financial Group will be continuously investing in client service, product design, stakeholder relationships, market research, participation in consultation processes and other continuous improvement initiatives.

Operating and financial review

Material risk	Risk description	Response to risk
Strategic and tactical (continued)		
Contagion risk	The risk arising from the activities and events of an associated entity that could adversely impact the reputation and delivery of business objectives of other entities within the Insignia Financial Group, either directly or indirectly.	This risk is monitored and managed by: • APRA regulated entity's Board composition being a majority of Independent Directors; • Maintenance of the Contagion and Reputational Risk Register by the Member Office; and • Consideration of contagion risk in the setting of risk tolerances and risk appetites across the Insignia Financial Group.
Environmental, social and governance (ESG) and culture risk	The risk of inadequate consideration of ESG factors including failure to seek to minimise the impact the business has on climate and society and/or failure to live up to the Insignia Financial Group's culture and purpose.	To ensure the Insignia Financial Group fulfils its purpose, Insignia Financial Group considers a broad range of ESG risks and opportunities. This includes not conducting business or maintaining relationships with members or suppliers known to be involved in modern slavery, money laundering or terrorism financing, or human rights violators, as well those operating in industries with unacceptable ESG risks.
Strategic, business planning and execution risk	The risk that the Insignia Financial Group fails to set and implement appropriate and clear business objectives and strategies.	The Insignia Financial Group has a robust planning process in place for setting, monitoring and executing business plans, objectives and strategies.
Governance		
Conflict of Interest risk	The risk that the Insignia Financial Group fails to identify and/or appropriately manage an actual conflict, potential conflict or perceived conflict, that could prevent the organisation, its Board members, Management, employees (including representatives) or authorised representatives from performing their duties effectively.	The Insignia Financial Group has in place the Conflicts Management Framework to identify, assess, mitigate, manage and monitor conflicts.

Operating and financial review

Material risk	Risk description	Response to risk
Governance (continued)		
Governance principles and obligations risk	The risk of inappropriate performance by members of the Board/ Board Committee(s), entity boards/board committees and/or ineffective processes to support sound and transparent decision-making and in accordance with: • ASX Corporate Governance Principles and Recommendations; • Trustee obligations; • Responsible Entity's obligations; and • discharging of fiduciary duties in good faith and in the best interests of clients.	The Insignia Financial Group continues to strengthen the quality of its governance frameworks. This is supported by corporate structures with independent Boards and Committees aligned with their regulatory obligations. The Member Office (MO) and Office of the Responsible Entity (ORE) act independently to the Enterprise Risk and Compliance (ERC) function to set expected standards of governance and to oversee that those standards are adhered to by the Insignia Financial Group in respect to advocating for member outcomes and investors' best interests.
Financial and liquidity		
Interest rate risk	The risk that arises for Insignia Financial Group from the fluctuation of the fair value or future cash flows of financial instruments due to changes in market interest rates. Financial instruments that may be impacted by interest rate risk include cash and cash equivalents, financial assets, certificates of deposit, loans and borrowings. Short and long-term investment mixes and loans to related entities are influenced by liquidity policy requirements.	This risk is managed by holding diversified short and long- term investment mixes and loans in accordance with Group capital management policy. Where appropriate interest rate derivatives are also used to manage the exposures. The interest rate risk is monitored and managed on a regular basis by the related entities and group Treasury.
Liquidity risk	Liquidity risk relates to the Insignia Financial Group having insufficient liquid assets to cover cash flow requirements.	This risk is managed by maintaining sufficient liquid assets and an ability to access a committed line of credit. The liquidity requirements of the Insignia Financial Group's licensed entities are regularly reviewed and carefully monitored in accordance with their licence requirements, including regulatory capital requirements.

Operating and financial review

Material risk	Risk description	Response to risk
Financial and liquidity (continued)		
Capital Management and Financing risk	Capital management and Financing risk refers to the Insignia Financial Group's inability to meet regulatory capital requirements and refinance debt facilities or to secure new financing on satisfactory terms which could adversely affect Insignia Financial Group's financial performance and prospects.	This risk is minimised through oversight by a dedicated Finance and Treasury function with established policies and procedures which are subject to continuous monitoring and review. The Insignia Financial Group has a syndicated facility agreement providing diversity of funding and flexibility to manage working capital needs across the Group. Capital requirements and banking covenants are monitored monthly to ensure any potential issues are identified and mitigated to the extent necessary well in advance.
Investment governance		
Inappropriate investment valuation and unit pricing risk	The risk of investment valuations and unit pricing being performed with incorrect application of methodology and/or insufficient frequency by the Insignia Financial Group.	To manage this risk, the Unit Pricing and Valuation Forum is in place to promote and enhance good unit pricing and investment valuation practices within the Insignia Financial Group and to support management in fulfilling their management accountabilities in relation to the management of unit pricing and investment valuation risks and controls.
Ineffective investment governance risk	The risk of the Insignia Financial Group not having an effective investment governance framework to ensure investment decisions are made in accordance with investment strategies and objectives and in the best interest of clients, including appropriate use of derivative instruments.	This risk is managed through established investment governance frameworks and committees that provide continuous oversight and monitoring of investments and underlying investment managers.
Investment liquidity risk	The risk of insufficient cash flow to meet benefit payments and/or settlements on clients' investments.	This risk is managed through the Liquidity Management Policy. The policy outlines: • liquidity management governance; • ongoing liquidity measurement and management; • liquidity stress scenarios; • liquidity events; and • crisis management planning.

Operating and financial review

Material risk	Risk description	Response to risk
Operational		
Business disruption risk	The risk of a disruption event such as loss of access to business premises, loss of key IT systems, telecommunication and utilities failure, or a natural disaster that could disrupt day-to-day operations and threaten the operational resilience of the Insignia Financial Group.	This risk is managed by the application of controls, established business continuity policy plans and procedures (including disaster recovery testing) which are subject to continuous monitoring and oversight, while ensuring there are experienced employees and specialist IT advisers across the Insignia Financial Group.
Client disclosure and communication failure risk	The risk of inadequate, inaccurate and/or ineffective disclosure and communication of required information to clients pre and post-sales of products and services.	This risk is managed by: • having an established due diligence process in place for preparing, reviewing and approving documents, including the need to obtain sign off requirements from appropriate stakeholders; • consideration of complaints feedback; and • the requirement for a review of all key external communications by stakeholders including member office, legal, risk and compliance.
Employee fatigue and competency risk	The risk of employee fatigue, excessive reliance on key persons and/or failure to attract and retain the level of talents and skills required to support business operations.	The Insignia Financial Group undertakes succession planning, offers competitive employment conditions and benefits and promotes fair remuneration. This risk is also managed by: • having established recruitment processes in place to ensure employees meet competency requirements; • monitoring of employee performance; • monitoring of employee turnover; and • providing employees with wellbeing education and support.
Improper business and market practices	The risk that employees act in an inappropriate, unlawful or unethical manner.	The Insignia Financial Group's management of this risk is supported by the Insignia Financial Group Code of Conduct and Managing Performance and Conduct policy, which set out the values of professional and personal conduct applicable to all Insignia Financial Group's people. These include acting within the law and in the best interests of members, clients, shareholders and the Insignia Financial Group at all times.

Operating and financial review

Material risk	Risk description	Response to risk
Operational (continued)		
Fraud, money laundering, sanctions and bribery and corruption risk	The risk of acts by employees or external parties intended to defraud and misappropriate assets and funds, and circumvent the law including money laundering, bribery and corruption.	This risk is managed by having an appropriate Group Fraud Policy and anti-money laundering (AML) and counter-terrorism financing (CTF) Program in place to protect the business from fraudulent activity and financial crime. Employees are required to complete assigned training modules annually covering fraud awareness; AML and CTF; and bribery and corruption topics.
Outsourcing and third party failure risk	The risk of failure to effectively manage third party selection and due diligence process, and to monitor third party performance against the required standards and agreed service levels.	This risk is managed by having an appropriate Outsourcing Policy and documented procedures in place for appointing outsourced business functions and monitoring performance against agreed service standards and contractual requirements.
Poor quality of advice risk	The risk of failure to provide quality, appropriate and adequate financial advice in the best interests of clients.	This risk is managed by having high professional, educational, compliance, assurance and training standards in place for the Insignia Financial Group's advisers and authorised representatives. The Insignia Financial Group also undertakes a rolling program of compliance reviews of advisers. The potential financial impact is mitigated by appropriate levels of insurance cover.
Technology, Cyber and Information Security		
Infringement of system security and inadequate cyber resilience risk	The risk of internal or external compromise on systems and data, and/or failure to respond to a cyber threat or attack and recover within acceptable recovery time frame could materially affect the Insignia Financial Group's operations, which could impact future profitability and financial position.	This risk is managed by : • providing system access based on appropriate authorisation and segregation of duties, with periodic system access reviews; • having an established Information Technology security control program including software patching, anti-virus software and firewalls to manage the threat of cyber crime, with monitoring and management of attacks and vulnerabilities; and • regular monitoring and reporting regarding effectiveness of information security controls to protect information assets, including those managed by related parties and third parties.

Operating and financial review

Material risk	Risk description	Response to risk
Legal and Compliance		
Complaints handling failure risk	The risk of failure in handling client complaints in a timely, consistent, fair and reasonable manner and/or failure to resolve complaints to client's satisfaction	This risk is managed by having; • an established Complaints Framework and Complaints Handling Policy in place; • a Complaints Officer role appointed; and • documented processes in place for receiving and responding to complaints.
Legal and compliance risk	The risk of the Insignia Financial Group failing to comply with legal and regulatory obligations.	This risk is managed by the Insignia Financial Group developing and implementing policies and frameworks to ensure compliance and reporting of any incidents, exceptions or breaches; reporting to the delegated Committee and Board detailing compliance breaches, incidents and complaints to meet APRA and ASIC and other regulatory requirements.
Regulatory change risk	The Insignia Financial Group is required to implement large volumes of complex regulatory changes, at times within relative short time frames. Failure to respond and implement regulatory changes in a timely manner could give rise to non-compliance with regulations, financial penalties and adverse impact on Insignia Financial Group's reputation.	This risk is managed by a dedicated team within Enterprise Risk & Compliance to oversee all regulatory change activities. This team is supported by the Corporate Affairs teams for change activities as well as Transformation Office and dedicated business implementation teams.
Remediation failure risk	The risk of ineffective, inappropriate and/or untimely execution of remediation activity, as well as an inconsistent remediation approach to deliver the appropriate outcome for the impacted client(s).	To manage this risk, remediation activities are adequately resourced and a remediation policy has been established. Governance structures are in place to consider and manage the issues and risks of remediation delivery. Regular updates are provided to regulators.
Insurance		
Insurance risk	The risk of loss to the Group arising from the provision of insurance benefits. The risk of loss due to failure to develop and implement an appropriate insurance strategy or effectively manage claims.	This risk is managed and monitored at the subsidiary company level by implementing and complying with the Board approved Insurance Management Framework, Insurance Strategies and related procedures.

Operating and financial review

Dividends

In respect of the financial year ended 30 June 2022, the Directors declared the payment of a final dividend of 11.8 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 29 September 2022. This dividend will be paid to all shareholders recorded on the Register of Members on 8 September 2022.

The Directors declared an interim dividend of 11.8 cents per ordinary share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares which was paid on 25 March 2022.

On 24 February 2022, the Board approved the introduction of a Dividend Reinvestment Plan effective from the FY22 interim dividend. $16.4m of shares were allocated in April 2022 as part of the dividend reinvestment plan.

In respect of the financial year ended 30 June 2021, the Directors declared the payment of a final dividend of 9.5 cents per share and a special dividend of 2.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares, which was paid on 22 September 2021.

Impact of COVID-19 and other macroeconomic conditions

In preparing the financial report, the Insignia Financial Group has considered the ongoing impact of COVID-19 and other macroeconomic conditions in its adoption of significant assumptions and market inputs used in:

- valuing the Insignia Financial Group's financial instruments; and
- preparing disclosures for the fair value of financial assets and liabilities and financial risk management.

The Insignia Financial Group has reviewed the appropriateness of inputs to the valuation of financial instruments and the disclosures for the fair value of financial instruments. The fair value of the Insignia Financial Group's financial instruments may have been impacted by a variety of factors arising from changed business conditions as a result of COVID-19 and other macroeconomic conditions. As a general principle, quoted prices in active markets provide the best available evidence of fair value. The Insignia Financial Group's financial instruments are valued using directly observable inputs whenever possible as these are considered to be the most reliable and appropriate evidence of fair value.

Non-financial risks emerging from global inflation hikes, tightening monetary policies, global geopolitical tension and global movement restrictions including remote working for staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Company's risk management policies.

Management continues to monitor the impact of global economic uncertainty and further waves of the COVID-19 pandemic to the business environment including ongoing assessment of market risk, credit risk and liquidity risk associated with the business.

Directors' Report

For the year ended 30 June 2022

The Directors present their report together with the financial report of Insignia Financial Ltd and of the Insignia Financial Group for the financial year ended 30 June 2022 and the auditor's report thereon. The Operating and financial review and the Remuneration report are parts of the Directors' report.

Directors

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

Name, qualifications and independence status	Experience, special responsibilities, listed and other significant directorships
Mr Allan Griffiths B.Bus, DipLI. Independent Non-Executive Director and Chairman Director since 14 July 2014 Chairman since 4 April 2019	More than 40 years' experience with a deep understanding of the financial services industry. Mr Griffiths has held a number of executive positions within the industry, most notably as Chief Executive Officer Aviva Australia (formerly Norwich Union) and later, Managing Director South Asia, Aviva Asia Pte Ltd based in Singapore. Prior to joining Aviva, Mr Griffiths held executive positions with Colonial Ltd. Mr Griffiths is Chairman of Metrics Credit Partners and Chairman of St Andrew's Insurance Group Australia. Mr Griffiths is a member of the Group Audit, Group Risk and Compliance, Group Nominations and Group People & Remuneration Committees.
Mr Renato Mota BComm(Hons), B.Bus Chief Executive Officer and Managing Director Director since 25 June 2019	With more than 20 years' experience in financial services, prior to being appointed CEO in June 2019, Mr Mota held a number of senior executive roles within the Insignia Financial Group. In December 2018, Mr Mota was appointed Acting CEO and prior to that was Group General Manager - Wealth Management since January 2016. During this time he was instrumental in leading the Insignia Financial Group through a series of forward-thinking, strategic initiatives including the advice-led strategy, the ClientFirst transformation and establishing the IOOF Advice Academy. Previously, he held numerous executive roles as General Manager of Distribution, Investor Solutions and Corporate Strategy and Communications. Before joining Insignia Financial Group in 2003, Mr Mota worked for Rothschild and NAB in corporate finance roles with a focus on mergers and acquisitions where he was involved in wealth management transactions including the demerger of Henderson Group plc from AMP in 2003 and NAB's acquisition of MLC and Deutsche Financial Planning.
Mr Andrew Bloore Independent Non-Executive Director Director since 2 September 2019	Mr Bloore is an experienced Non-Executive Director, entrepreneur and farmer. He has designed, built and sold a number of businesses, focused on the development of key disruptive technologies and distribution services in traditional markets, to create business efficiencies. Mr Bloore has been actively involved in, both as an Executive and/or as a Director and in the capacity of investment funding, development and leadership, businesses including Smartsuper, SuperIQ, and Class Super. Mr Bloore has worked on a range of Senate and Treasury Committees, and with the Australian Taxation Office (ATO) Regulations Committee on regulation for the superannuation industry. In 2016, Mr Bloore sold his superannuation administration business to AMP, stepped down from the Senate and Treasury Committees and is now focused on contributing to organisations as a Non-Executive Director. Mr Bloore is Chair of the Group Nominations Committee and a Member of the Group Audit, Group People & Remuneration and Group Risk and Compliance Committees.

Directors' Report

For the year ended 30 June 2022

Name, qualifications and independence status	Experience, special responsibilities, listed and other significant directorships
Ms Elizabeth Flynn LLB, Grad Dip App Corp Gov, FAICD, FFin, FGIA, FCG. Independent Non-Executive Director Director since 15 September 2015	Ms Flynn has more than 35 years' experience in the financial services industry, including roles within law and corporate governance as well as executive responsibilities. From 1998 to 2010, Ms Flynn was the Chief Legal Counsel, Group Compliance Manager and Group Company Secretary of financial services group Aviva Australia, and a director of Aviva Australia's superannuation trustee company. Prior to her time at Aviva, Ms Flynn spent 18 years as a commercial lawyer with Minter Ellison, including eight years as a Partner, specialising in managed funds, banking, securitisation and superannuation. Ms Flynn was a non-executive director of Bennelong Funds Management from 2010 to 2015 and The Colonial Mutual Life Assurance Society Limited from November 2019 until April 2021 and is a non-executive director of AIA Australia Limited and Chair of AIA Health Insurance Pty Ltd. Ms Flynn is Chair of the Group Risk and Compliance Committee, and a member of the Group Audit, Group People & Remuneration and Group Nominations Committees.
Mr John Selak Dip Acc, FCA, FAICD Independent Non-Executive Director Director since 14 October 2016	Mr Selak has over 40 years' experience in the financial and advisory services industry. From 2000 to 2016 Mr Selak was a Partner in the Corporate Finance Practice of Ernst & Young serving on their Global Corporate Finance Executive. From 2014 to 2017 Mr Selak was an advisory board member of Quest Apartment Hotels. From 2016 to 2020 Mr Selak was a non-executive director of National Tiles and was Chair of Corsair Capital until April 2021. Mr Selak is currently a non-executive director of Turosi Food Solutions and the IOOF Foundation. In December 2021, Mr Selak accepted a part-time role within the Office of the Special Manager for the Melbourne Casino Operator as Deputy Special Manager – Governance, Risk and Assurance. Mr Selak is Chair of the Group People & Remuneration Committee and a member of the Group Audit, Group Nominations and Group Risk and Compliance Committees.
Ms Michelle Somerville B Bus (Accounting), FCA, FAICD, Master Applied Finance Independent Non-Executive Director Director since 1 October 2019	Ms Somerville is an experienced Non-Executive Director, bringing deep and relevant finance, risk and governance experience to the Board, having worked in the financial services industry in both executive and non-executive roles. Previously she was an audit partner with KPMG Australia for nearly 14 years, with a focus on the financial services industry in both Australia and overseas. Ms Somerville is currently a non-executive director of The GPT Group (since 2015). Ms Somerville is the Chair of the Group Audit Committee and a member of the Group Nominations, Group People & Remuneration and Group Risk and Compliance Committees.

All Directors held office during and since the end of the financial year.

The Group People & Remuneration and the Nominations Committees review the balance of skills, experience, independence, knowledge and diversity of Directors. This involves the creation of a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

Refer to Section 4 of the Remuneration Report for Directors' subsidiary company and committee appointments.

Directors' Report

For the year ended 30 June 2022

Directors (continued)

During the year each Board member completed a skills matrix. The Board was satisfied that the skills matrix results demonstrate that the Board has the appropriate skills and experience necessary to oversee the operations and governance of the Insignia Financial Group. The Board skills matrix is available as part of our Corporate Governance Statement which is available on the Company's website.

Company secretary

Ms Adrianna Bisogni LLB (Hons) BA GAICD.

Ms Bisogni is a lawyer with over 25 years' experience in corporate law. Ms Bisogni was appointed to the role of Company Secretary in November 2019.

Mr Bill Linehan LLB, BCom, FGIA

Mr Linehan is a Chartered Accountant, lawyer, and a Fellow of the Governance Institute with over 20 years' experience in corporate law. Mr Linehan was appointed to the role of Company Secretary in May 2021.

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:

Directors' meeting			
Director	**Role**	**Meetings attended**	**Meetings held**
A Griffiths	Chair	17	17
R Mota	CEO & Managing Director	17	17
A Bloore	Director	17	17
E Flynn	Director	17	17
J Selak	Director	17	17
M Somerville	Director	17	17

Audit Committee			
Director	**Role**	**Meetings attended**	**Meetings held**
M Somerville	Chair	10	10
A Bloore	Member	10	10
E Flynn	Member	10	10
A Griffiths	Member	10	10
J Selak	Member	10	10

Risk and Compliance Committee			
Director	**Role**	**Meetings attended**	**Meetings held**
E Flynn	Chair	6	6
A Bloore	Member	6	6
A Griffiths	Member	6	6
J Selak	Member	6	6
M Somerville	Member	6	6

Nominations Committee			
Director	**Role**	**Meetings attended**	**Meetings held**
A Bloore	Member to 28 July 2021 Chair from 28 July 2021	5	5
A Griffiths	Chair to 28 July 2021 Member from 28 July 2021	5	5
E Flynn	Member	5	5
J Selak	Member	5	5
M Somerville	Member	5	5

People & Remuneration Committee			
Director	**Role**	**Meetings attended**	**Meetings held**
J Selak	Chair	7	7
A Bloore	Member	7	7
E Flynn	Member	7	7
A Griffiths	Member	7	7
M Somerville	Member	7	7

Meetings held represents the number of meetings held during the time the Director held office.

The Directors meetings are those held for Insignia Financial Ltd. This does not include the meetings held and attended by Directors for the various subsidiary companies. Major subsidiaries averaged 8 meetings each during the year.

In addition to the meetings attended during the year, a number of matters were considered and addressed separately via circular resolution.

Directors' Report

For the year ended 30 June 2022

Shares issued on exercise of options

During the financial year, the Insignia Financial 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, performance rights on issue are:

Performance rights	
Performance period end date	**Number of rights**
30-Jun-23	340,560
30-Jun-24	1,199,646
30-Jun-25	1,228,561
	2,768,767

Shares allocated on vesting will rank equally with all other ordinary shares on issue.

These performance rights do not entitle the holder to participate in any share issue or receive dividends of the Company.

Indemnification and insurance

Rule 84 of the Insignia Financial 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 Insignia Financial Group paid insurance premiums to insure against amounts that the Insignia Financial 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 Insignia Financial Group to the extent permitted by law. 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 include 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 Insignia Financial 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.

Environmental regulation

The Insignia Financial Group is not subject to significant environmental regulation.

Events occurring after balance date

The Directors have declared the payment of a final dividend of 11.8 cents per share, franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 29 September 2022.

Sale of Australian Executor Trustees

On 22 August 2022, the Insignia Financial Group executed a share sale agreement with EQT Holdings Limited (Equity Trustees) to sell 100% of its shares in Australian Executor Trustees Limited and AET PAF Pty Ltd. Consideration for the sale is $135m to be paid in cash on completion. Completion of the transaction is subject to the satisfaction of conditions precedent and is expected to occur by the end of calendar year 2022. The Insignia Financial Group will also provide a number of services to AET, including premises and technology support, under a transitional services agreement.

As part of this transaction, the Insignia Financial Group and Equity Trustees have also entered a Strategic Alliance Agreement (SAA) under which the Insignia Financial Group, subject to best interest duties, will become the preferred supplier of certain Administration and Adviser Platform and Managed Investment Scheme services to AET and Equity Trustees' wealth customers. In addition, AET will become preferred supplier of Charitable Trusts, Small APRA Funds and Wills and Estate services to the Insignia Financial Group's Corporate Superannuation members. A number of Equity Trustees Wealth Services Limited products will also be added to the Insignia Financial Group's Investor Directed Portfolio Services and Superannuation products.

Directors' Report

For the year ended 30 June 2022

Events occurring after balance date (continued)

Financing

On 16 August 2022, the Insignia Financial Group entered into a new $955m SFA. The new SFA is supported by six new and existing lenders, comprising:

- a 3-year $340m revolving credit facility;
- a 4-year $290m revolving credit facility;
- a 4-year $270m term loan; and
- a 3-year $55m multi-option facility.

The new facility and structure provides improved flexibility, greater simplicity and improved terms.

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 2022 that has significantly affected, or may significantly affect:

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

Lead auditor's independence declaration

The lead auditor's independence declaration is included on page 52 of the annual financial report and forms part of the Directors' Report for the year ended 30 June 2022.

Rounding off of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that instrument amounts in the financial report are rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Non-audit services

The Directors are satisfied that the provision of non-audit services during the year of $363,011 by the auditor is compliant with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Non-audit services are managed as follows:

- fees earned from non-audit work undertaken by KPMG are capped at 0.5 times the total audit fee;
- services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- services do not 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 Insignia Financial Group, acting as advocate for the Insignia Financial Group or jointly sharing economic risks and rewards.

Further information regarding remuneration of auditors is included in Note 35 Remuneration of auditor.

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*.

Authorisation

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

Mr Allan Griffiths

Chairman

Melbourne

25 August 2022

Remuneration Report (audited)

Letter from the Group People & Remuneration Committee Chair

Dear Shareholders,

I am very pleased to present the 2022 Remuneration Report – the first for Insignia Financial.

Following MLC and IOOF joining forces in June 2021, the financial year was an important one in driving our strategic priorities to integrate and transform the organisation. The CEO and Executive Team have successfully executed on our commitments and led the business through this historic first year as the Insignia Financial Group.

Unifying the organisation

Meaningful steps forward have been made as the Insignia Financial Group in unifying the organisation.

We have progressed through our organisational design across all areas of the business to ensure our teams and ways of working are integrated. I am proud to say we have done this with care, delivering to clients, maintaining engagement and culture across the business and looking after the wellbeing of our people.

At the Insignia Financial Group our culture is a key differentiator and we have invested heavily in our culture this year. We are well on our way to completing 180 Culture Roadshows for 5,000 people across the country – full day workshops led by our senior leaders and culture champions. We have engaged and challenged our people to think about how they can bring our cultural principles to life and their role in achieving our ambition to create financial wellbeing for every Australian.

We have also invested in our leaders through the launch of our Insignature leadership program for our senior leaders, to ensure we are all aligned in leading the business and our culture going forward.

Rebounding from COVID-19

In a year of significant change, we have also supported our people as we navigated our way back to a new normal. We have come a long way in the last year as a society and so too has the Insignia Financial Group.

Wellbeing has been front of mind for us as we supported our people through this change. We have stayed true to our commitment to hybrid working as offices have reopened, giving people choice and flexibility in how they work. Wellbeing education and support have featured heavily for our people in FY22, with thousands of our employees participating in these programs.

The Insignia Financial Group has a culture of 'belonging' and so for us, creating community and connection is important – a place where everyone belongs and can be themselves. Our people and clients alike. It has been wonderful to see many hundreds of employees come together back in the office for our series of 'Connect Days' or in celebration of our Diversity and Inclusion initiatives, such as our national Pride event. Communication continues to unite us a community, with our CEO Renato's weekly all of company webinars every Monday, where we join him for a chat, an update on internal and external matters and an opportunity to 'ask him anything'. The week is bookended by our 'End of Week Wrap' note from one of our Executive team, where we share some fun and keep people up to date on what's happening in the organisation.

FY22 Performance and Remuneration

The Executive Equity Plan (EEP), now in its third year, delivers appropriate variable reward to Executives in the form of equity at the end of a four-year vesting period. The team's performance against the holistic set of measures, as outlined on page 36, was solid and well balanced in a period of significant change. As we look ahead to the implementation of the Financial Accountability Regime (FAR) and CPS511 next year, we will be shortly commencing a review of our EEP to ensure alignment to the regulatory requirements.

Remuneration Report (audited)

Letter from the Group People & Remuneration Committee Chair (continued)

Remuneration Governance

Through this year, we have continued our focus on strengthening our remuneration governance, which is built on the values of fairness and alignment. In line with our remuneration philosophy, there has been a strong focus on harmonisation of remuneration practices between the heritage workforces that exist within the Insignia Financial Group. Our focused work on the gender pay gap over a number of years has seen this gap reduce to 14.3%, well below the financial services comparative benchmark – a good step forward in an area which will need sustained focus. We also advanced our work in readiness for the FAR and CPS511, including progress on accountability statements, our consequence framework and practices and our connection between risk events and remuneration outcomes. We look forward to having these in place for next year.

In closing, it is my pleasure as the Chair of the Group People and Remuneration Committee to present the first Insignia Financial Group's Remuneration Report to shareholders for your consideration and support.

Yours sincerely

John Selak

Group People & Remuneration Committee Chair

25 August 2022

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Remuneration Report (audited)

1. Executive Remuneration outcomes for the 2022 financial year

The 2022 remuneration framework

2022 was the third year of the Executive Equity Plan (EEP) being in place for the Executive Team as their variable reward scheme.

The EEP is delivered wholly in equity to closely align Executives with long-term sustainable decision making in the interests of shareholders.

The EEP framework encompasses financial and non-financial measures. The EEP comprises:

- A four-year performance measure (40%). This will be based on relative Total Shareholder Return (TSR), assessed at the end of the four-year performance period.
- Annual performance measures with amounts not released until the end of the four-year performance period (60%). Targets are set and assessed annually against five key areas, one of which is financial and four non-financial metrics. The areas assessed, which align with the key strategic drivers of the business, are:
  - Financial (10%)
  - Non-financial measures (50%) comprised of:
    - Building a better tomorrow (5%)
    - Client (10%)
    - ClientFirst Culture (10%)
    - Individual, role specific measures (25%)

This year, a risk modifier was also introduced to ensure each Executive was meeting risk and compliance expectations. This modifier enables downward adjustment of remuneration outcomes if these measures are not adequately achieved.

The annual performance measures set for the 2022 financial year for the CEO and Executives were assessed at the end of the financial year (as outlined in the table on the following page) but will not be eligible for release until 30 June 2025. This year, each measure was assessed on a sliding scale from threshold (75%), to achieved (100%) and maximum (125%) against the Board approved targets.

Remuneration Report (audited)

1. Executive Remuneration outcomes for the 2022 financial year (continued)

FY22 Performance Outcomes

The table below highlights the performance outcomes for each of the measures set of the EEP.

		Area	Measures	FY22 performance achievement
	Gateway	Risk and compliance	Executives are required to meet all training and core risk requirements	All KMP achieved this gateway
		Culture principles	Executives must demonstrate the Insignia Financial principles consistently in the way they work	All KMP achieved this gateway
EXECUTIVE EQUITY PLAN	Annual Performance Measures Set and assessed annually - released after 4 years	Financial (40%)	**Delivering to shareholders** Long-term shareholder return as measured by TSR percentile ranking >50%	Assessed in 2025
		Delivering sustainable returns for shareholders (10%)	**Achieving the Annual Financial Plan (UNPAT)** Measured by achievement of an annual financial plan (UNPAT) target	Exceeded
		Non-financial performance measures		
		Building a better tomorrow (5%)	**Becoming NetZero** Achieve accreditation for NetZero status	Exceeded
		Client (10%)	**Delivering what matters to Clients** Improving service delivery to members and advisers as measured through adviser and member NPS	Partially Achieved
		ClientFirst Culture (10%)	**Creating a unified ClientFirst culture** Engagement and cultural integration via 'Our Voice' employee survey	Partially Achieved
		Individual (25%)	**Transforming the Organisation** Measures to be set on an individual basis linked to the successful delivery of key transformation programs such as Client Engagement & Wellbeing, Product Simplification, Advice 2.0 and Integration & operating model simplification.	Rated separately for each individual

Remuneration Report (audited)

2. Remuneration governance

The Group People & Remuneration Committee

The Group People & Remuneration Committee is the governing body for developing, monitoring and assessing the remuneration strategy, policies and practices across the Insignia Financial Group and ensuring overall pay equity. The role of the Group People & Remuneration Committee is to review, challenge, assess and as appropriate, endorse the recommendations made by management for Board approval. It oversees the Insignia Financial remuneration framework and assists the Board to ensure that Insignia Financial's remuneration strategy and policy are appropriate and effective. The Committee also has oversight to other People and Culture areas such as talent and succession, culture and engagement, and diversity and inclusion.

The Committee reviews and makes recommendations to the Board on the remuneration structure and policies applicable to the KMP and Non-Executive Directors (NEDs) of the Insignia Financial Group, as well as the wider Insignia Financial employee population.

The Committee is comprised solely of NEDs, all of whom are independent. The members of the Committee for the year ended 30 June 2022 were J Selak – Chair, A Griffiths, E Flynn, A Bloore, and M Somerville.

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

Group People & Remuneration Committee Charter

The responsibilities of the Group People & Remuneration Committee are outlined in its Charter. The Charter is available on the Corporate Governance page of the Company's website at www.insigniafinanical.com.au.

The Group People & Remuneration Committee met formally seven times during the 2022 financial year. This included a joint meeting between the Group People & Remuneration Committee, the Group Audit Committee and the Group Risk & Compliance Committee as outlined below.

Remuneration & Conduct Governance

Continued progress was made on our remuneration framework and governance practices in 2022. The remuneration governance framework ensures key linkages between risk and performance and remuneration outcomes. As a continuation of our maturity in this area and in readiness for the Financial Accountability Regime (FAR) and CPS511, work is currently underway to establish a comprehensive consequence management framework. This framework aims to provide more objective guidance on severity of risk or conduct events as well as guidance on appropriate consequences, and will incorporate current adjustment practices, such as malus, clawback, risk and compliance gateways and the Exercise of Discretion in Remuneration Decision Making Policy. This framework is due to be completed early in 2023.

At Insignia Financial there is active engagement with the Group People & Remuneration Committee, Group Risk & Compliance Committee, IFL Board and RSE Boards (I.O.O.F. Investment Management Ltd, Oasis Fund Management Limited, OnePath Custodians Pty Limited & NULIS Nominees (Australia) Ltd) on goal setting, performance assessment and remuneration review processes. In 2022, for the second year, a joint meeting of the Group People & Remuneration, Group Risk and Compliance and Group Audit committees was convened as part of our end of year performance and remuneration review process to discuss, provide feedback and reach agreement on risk considerations. This year, the joint committee meeting was extended to include the RSE Boards' Chair and RSE Risk Committees' Chair to contribute to the discussion. The intent is to broadened this further in the coming year to include the Regulated Entity (RE) Board Chair and RE Risk Committee Chair to further strengthen risk and remuneration outcomes.

The compliance learning framework was reshaped in 2022 with modules now delivered on a quarterly, rather than annual basis. We are confident this change in sequencing, which was supported by strong communication and leader education, delivers a better experience and greater retention of learning outcomes.

Remuneration Report (audited)

2. Remuneration governance (continued)

Insignia Financial's remuneration governance framework

Insignia Financial Ltd Board

Group Risk & Compliance and Audit Committees
Oversight of significant compliance and operational incidents, internal audit issues and other financial and non-financial matters.

Group People & Remuneration Committee
Establishment and maintenance of the Group's Remuneration Framework, including recommendation to the Board on KMP remuneration arrangements, ongoing review of incentive schemes, and assessment of performance against key performance indicators.

Joint Group People & Remuneration, Risk & Compliance and Audit Committees
The Committees are advised by the Group Chief Risk Officer on material risk matters that may impact remuneration outcomes for Senior Executives and below.

Independent Remuneration Consultants
The Group People & Remuneration Committee may engage external advisers to provide information to assist the Committee in making remuneration decisions.

Risk & Remuneration Governance
Incidents, breaches of policy and misconduct issues are reported to Senior Executives. The Chief Risk Officer reports annually to a joint meeting of the Group People & Remuneration, Group Risk & Compliance and Group Audit Committees on the outcomes from the consequence management process and confirms that these matters have been considered in determining performance and remuneration outcomes where appropriate.

Remuneration Report (audited)

2. Remuneration governance (continued)

Risk and Remuneration

Our Remuneration Framework has continued to evolve over the past year, enabling us to achieve better alignment between risk, performance and remuneration and ensure we are aligned to regulator and market expectations.

The Board continues to oversee enhancements to the Insignia Financial Group's management of risk and remuneration, reinforcing the expectations of risk outcomes and behaviours in support of a positive risk culture through the Insignia Financial Group's practices and frameworks.

Risk also plays a key role in performance and remuneration outcomes for our broader employee workforce in addition to executives, with financial year outcomes and reward being subject to meeting compliance expectations. More than 99% of the total workforce achieved the risk and compliance gateway. No variable reward was awarded to the <1% who failed to meet the gateway.

Embedding Risk in our Performance and Reward framework

Risk Culture The Insignia Financial risk culture is a key business driver and seeks to create an environment where employees have a clear understanding of their responsibilities and accountabilities for managing risk. Employees are empowered to ask questions, report concerns, seek relevant information, challenge assumptions and take action when issues are identified as part of everyday work activities. Risk culture is underpinned by the cultural principles, which are embedded in our business processes, including the performance framework.	**Alignment of risk to remuneration outcomes** The Insignia Financial Group People & Remuneration Policy is designed to encourage and incentivise employees to act responsibly and with integrity in a manner consistent with the Policy. Reporting is provided to the Board to support oversight of remuneration and risk consequences to assist in informing performance and remuneration reviews.
Risk in the performance review process Risk assessments are increasingly a key consideration for the annual performance assessment process of the CEO and Senior Executives. As well as the commencement of a joint meeting of the People & Remuneration, Risk & Compliance and Audit Committees to ensure a clear link between risk, performance and remuneration outcomes, it is also supported by reporting and governance structures to ensure a holistic view of risk.	**Malus/clawback** Malus is the ability to reduce (including to zero) a variable remuneration award/or lapse or postpone vesting of variable remuneration awards granted, but not vested. Guidance and enhanced processes to support the application of malus have been implemented across Insignia Financial during the 2022 financial year. The potential for clawback will also apply to all CEO and Senior Executives variable remuneration.

Remuneration Report (audited)

2. Remuneration governance (continued)

The table below shows the Insignia Financial Group's remuneration objectives and principles:

Insignia Financial Purpose				
Understand me		**Look after me**	**Secure my future**	
Remuneration Objectives Objectives of Insignia Financial's remuneration framework:				
Attraction and retention of the best talent	Strategy-led and supporting Insignia Financial's purpose	Promote a sound risk management culture	Shareholder alignment	Meet regulatory, governance expectations and impacts on remuneration
Attract, motivate and retain key talent to drive the performance of the Company.	Support our advice-led approach to delivering customer outcomes. Emphasis on delivering quality advice. Support Insignia Financial's ClientFirst philosophy to deliver a sustainable competitive advantage.	Sound management of non-financial and financial risk and individual and collective accountability. Meet the expectations of stakeholders in a fast-paced regulatory environment and uphold the highest governance standards.	Align outcomes with the shareholder experience through allocation of equity and delivery of shareholder returns. Facilitate an 'ownership mindset' and long-term focus among participants.	Design and implement the Financial Accountability Regime ("FAR") and APRA's Prudential Standards CPS 511 Remuneration and their potential impact on remuneration by 1 July 2023.
Remuneration Principles These objectives are achieved by:				
Being market competitive and reflecting our broader employee value proposition.	Creating a culture that underpins our principles – recognising what is achieved and the way in which it is achieved.	Supporting risk management framework and culture, by encouraging appropriate risk behaviours, setting clear performance and risk accountabilities and enabling consequences through forfeiture of remuneration.	Delivering on shareholder value through short term performance that builds into long-term performance.	Determining an individual's variable remuneration based on a range of financial and non-financial factors that includes risk factors.

Remuneration Report (audited)

2. Remuneration governance (continued)

The remuneration framework for the KMP is outlined below:

Executive Remuneration Framework			
	Total Fixed Remuneration	**Short Term Variable Reward**	**Executive Equity Plan (Long Term Variable Reward)**
Participants	All Senior Executives	Chief Asset Management Officer	All Senior Executives
Rationale	Provides market competitive remuneration to attract and retain high quality talent while reflecting role size and accountabilities	Aligned to specific individual, role specific targets associated with the Investment and Asset Management portfolios.	Relative TFR against ASX 200 (40%) assessed over 4 years Financial Measure (10% measured by achieved of annual UNPAT target (released after 4 years). Non-financial component (50%) – set and assessed annually (released after 4 years) with one measure in each category being (1) building a better tomorrow (2) Client (3) ClientFirst culture (4) individual.
Structure	Base remuneration and superannuation	**0% - 100%** Paid as cash	**0% - 100%** Performance Rights to shares with dividend equivalent payments, with vesting subject to performance over a four-year period.
Approach	TFR is determined by taking into consideration expertise, responsibility, knowledge, experience and market competitiveness. Reviewed annually against relevant comparator group remuneration benchmarks. Primary comparator group is the other wealth management and superannuation. Adjustments only made for changes in role or promotion, internal relativities and significant market changes.	**Quantum (% of TFR):** Maximum allocation of 80% **Business Performance Measures**: STIs are discretionary and determined for each individual KMP based on a balanced scorecard. **Risk and Governance assessment (gate/modifier):** Outcomes subject to Board consideration of conduct and risk matters.	**Quantum (% of TFR):** Maximum face value allocation of 115% (115% for Group CEO) **Business Performance Measures:** • **Relative TSR** against ASX 200 (40%) assessed over 4 years • **Financial Measure** (10% measured by achieved of annual UNPAT • **Non-financial component** (50%) – set and assessed annually (released after 4 years) with one measure in each category being (1) building a better tomorrow (2) Client (3) ClientFirst culture (4) individual. **Risk and Governance assessment (gate/modifier):** Outcomes subject to Board consideration of conduct and risk matters.

Remuneration Report (audited)

3. Key Management Personnel

The Key Management Personnel (KMP) are defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

The table below outlines the Group's KMP for the financial year ended 30 June 2022. It also shows each individual's shareholding and corresponding progress against their MSR as at 30 June 2022.

Name	Role	Term as KMP	Current shareholding	Progress against MSR[1]
Chairperson				
A Griffiths	Independent Non-Executive Director & Chairman	Full year	100,000	n/a
Non-Executive Directors				
E Flynn	Independent Non-Executive Director	Full year	49,021	n/a
J Selak	Independent Non-Executive Director	Full year	149,727	n/a
A Bloore	Independent Non-Executive Director	Full year	17,190	n/a
M Somerville	Independent Non-Executive Director	Full year	10,840	n/a
CEO & Managing Director				
R Mota	Chief Executive Officer and Managing Director (CEO)	Full year	372,328	100.0%
Current KMP				
D Chalmers	Chief Financial Officer	Full year	-	0.0%
F Lombardo	Chief Operating Officer	Full year	67,576	79.9%
D Whereat	Chief Advice Officer	Full year	15,000	17.1%
M Oliver	Chief Distribution Officer	Full year	5,000	6.2%
L Stewart	Chief Risk Officer	Full year	-	0.0%
G Mulcahy	Chief Asset Management Officer	Full year	-	0.0%

[1] The MSR is required to be in place by 2024 or 4 years after commencing in the Executive Equity Plan. The share price is calculated based on the higher of the price at date of purchase/vesting and the current price. The MSR applies to executives only.

Remuneration Report (audited)

3. Key Management Personnel (continued)

Remuneration received by current Executive KMPs

The remuneration outcomes table below provides a summary of the remuneration that was received by the current executives in their KMP roles during the financial year ended 30 June 2022. We believe that presenting this information provides shareholders with greater clarity and transparency of executive remuneration. This table differs from the statutory remuneration table included in Note 6 of the Remuneration Report, which presents remuneration in accordance with accounting standards (i.e. on an accrual basis). All remuneration presented in this report is in Australian dollars.

	Total Fixed Remuneration[1]		STI[2]		LTI[3]		EEP[4]		Total value of remuneration received	
Name	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$	$	$
CEO & Managing Director										
R Mota	**1,307,409**	1,080,676	**-**	54,103	**90,250**	68,801	**1,501,301**	1,200,000	**2,898,960**	2,403,580
Current KMP										
D Chalmers	**822,981**	761,702	**-**	-	**-**	-	**707,037**	600,000	**1,530,018**	1,361,702
F Lombardo	**732,314**	551,620	**-**	47,608	**79,420**	68,801	**560,625**	412,000	**1,372,359**	1,080,029
D Whereat	**569,607**	553,599	**-**	-	**18,050**	-	**486,115**	275,000	**1,073,772**	828,599
M Oliver	**534,331**	503,594	**-**	-	**18,050**	-	**442,275**	250,000	**994,656**	753,594
L Stewart	**634,693**	620,000	**100,000**	-	**-**	-	**219,017**	186,000	**953,710**	806,000
G Mulcahy[5]	**671,343**	47,659	**326,000**	92,158	**-**	-	**437,000**	-	**1,434,343**	139,817
Former KMP										
D Farmer[6]	**-**	389,583	**-**	359,773	**-**	-	**-**	212,500	**-**	961,856
Total	**5,272,677**	4,508,433	**426,000**	553,642	**205,770**	137,602	**4,353,370**	3,135,500	**10,257,818**	8,335,177

[1]Includes base salary, non-monetary and superannuation.

[2]G Mulcahy and D Farmer Short Term Incentive (STI) amounts represent cash accruals in current and prior year. L Stewart represents a postponed 2020 commencement incentive, paid during the financial year.

[3]Tenure-based LTI value calculated using closing share price at date of transfer of shares. Rights that vested in 2022 are in holding lock for 12 months beyond the completion of the performance period.

[4]EEP value represents the total amount that the KMP was granted at the commencement of the plan, subject to a 4-year performance period and the Board's evaluation of performance conditions as described in Section 1.

[5]Appointed as KMP from 1 June 2021.

[6]Ceased as KMP 31 May 2021.

Remuneration Report (audited)

3. Key Management Personnel (continued)

Prior Year LTI

For performance rights plans pre-dating the EEP, vesting of 50% of performance rights is subject to serving a three-year employment period commencing on the date of grant. 50% of the grant is subject to a Total Shareholder Return (TSR) progressive vesting scale over three years. TSR was chosen as the most appropriate comparative measure as it focuses on the delivery of shareholder value. TSR represents the change in the value of a share plus the value of dividends paid.

Year	Performance period	Grant date	IFL TSR for the period %	Ranking relative to ASX200	Vesting status at 30 June 2022	Performance period end date
2020 LTI performance rights	2020-2022	17 Dec 19	-27.83%	148th	0% vested	30 Jun 22
2019 LTI performance rights	2019-2021	17 Aug 18	-54.90%	153rd	0% vested	30 Jun 21

The performance period for the 2020 LTI performance rights was completed in 2022. With a TSR ranking of 148th relative to the ASX 200, no performance rights vested under the TSR performance hurdle for any KMP.

The 2019 performance rights TSR hurdle was retested at 30 June 2022. With a TSR rank of 153rd relative to the ASX 200, no performance rights vested under the TSR performance hurdle for any KMP. The 2019 Service hurdle performance rights were placed into a 12-month holding lock upon vesting at 30 June 2021, and shares were released to participants on 1 July 2022.

Accordingly, the following shares vested and were forfeited for KMP under the 2019 and 2020 LTI performance rights plans:

Name	Performance period end	Type of instrument	Employment condition - 50%	TSR Performance hurdle - 50%	% vested	% forfeited
			Number of shares vested			
R Mota	30-Jun-21	2019 LTI performance rights*	25,000	-	50.0%	50.0%
F Lombardo	30-Jun-21	2019 LTI performance rights*	22,000	-	50.0%	50.0%
D Whereat	30-Jun-21	2019 LTI performance rights*	5,000	-	50.0%	50.0%
M Oliver	30-Jun-21	2019 LTI performance rights*	5,000	-	50.0%	50.0%
Former KMP						
D Farmer	30-Jun-21	2019 LTI performance rights*	12,500	-	50.0%	50.0%
G Riordan	30-Jun-21	2019 LTI performance rights*	15,000	-	50.0%	50.0%
R Mota	30-Jun-22	2020 LTI performance rights**	37,500	-	50.0%	50.0%
F Lombardo	30-Jun-22	2020 LTI performance rights**	22,000	-	50.0%	50.0%
D Whereat	30-Jun-22	2020 LTI performance rights**	5,000	-	50.0%	50.0%
M Oliver	30-Jun-22	2020 LTI performance rights**	5,000	-	50.0%	50.0%

*Performance period ended 30 June 2021, vesting of rights occurred 1 July 2021. Retesting and forfeiture of rights under TSR hurdle occurred 1 July 2022.

**Performance period ended 30 June 2022, vesting and forfeiture of rights occurred 1 July 2022.

Remuneration Report (audited)

4. Non-Executive Director remuneration

In setting appropriate NED remuneration, the Board considers general industry practice; best principles of corporate governance; the responsibilities and risks attached to the NED role; the time commitment expected of NEDs on Group and Company matters; and fees paid to NEDs of comparable companies.

In order to ensure NED independence and impartiality, fees are not linked to Company performance and NEDs are not eligible to participate in any of the Group's incentive arrangements.

A review of the NEDs fee framework was undertaken for 2022, resulting in a change to the overall NED fee pool and fee structure. The Insignia Financial Ltd Board Chair fee increased from $285,000 to $375,000 and the Insignia Financial Ltd Board NED fee reduced from $170,000 to $160,000 with Committee and Subsidiary Board fees also introduced to reflect work effort.

NED Board, Committee & Subsidiary Fee Structure

Elements	Details		
NED Board, Committee & Subsidiary Fee Structure	**2021/22 Fees per annum were:**		
	Group Board Fee	**Chair fee**	**Board Member fee**
	Insignia Financial Ltd Board	$375,000	$160,000
	Committees Fee	**Chair fee**	**Committee fee**
	Audit	$30,000	$15,000
	Risk & Compliance	$30,000	$15,000
	Remuneration	$20,000	$10,000
	Nominations	$15,000	$5,000
	Subsidiary Boards		
	RSE Board Member fee (1 or more RSE Boards)	-	$60,000
	RE Board Member fee (1 or more RE Boards)	-	$35,000
	Other Board member fee (1 or more other Boards excluding IFL, RSE & RE Subsidiary Boards)	-	$35,000
Post-employment benefits	Superannuation contributions are made at a rate of 10.0% (up to the Government's prescribed maximum contributions limit) and are included in the NED fee.		

The current aggregate fee pool for NEDs of $1.75 million was approved by shareholders at the 2021 Annual General Meeting. The annual total of NEDs' fees, including superannuation contributions, is within this agreed limit.

NED	Subsidiary Board appointments
A Griffiths	Mr Griffiths is Chair of Australian Wealth Management Limited and MLC Wealth Limited, and a director of OnePath Investment Holdings Pty Limited, IOOF Life Pty Ltd and IOOF Group Pty Ltd.
E Flynn	Ms Flynn is a director of Australian Wealth Management Limited, IOOF Group Pty Ltd, MLC Wealth Limited, OnePath Investment Holdings Pty Limited and IOOF Life Pty Ltd.
J Selak	Mr Selak is a director of OnePath Funds Management Limited, IOOF Investment Services Ltd, Australian Executor Trustees Limited, IOOF Holdings Trustee Pty Ltd, IOOF Group Pty Ltd, Antares Capital Partners Ltd MLC Investments Limited, Navigator Australia Limited and MLC Asset Management Services Limited.
A Bloore	Mr Bloore is a director of OnePath Custodians Pty Limited, Oasis Fund Management Limited, I.O.O.F Investment Management Limited and NULIS Nominees (Australia) Limited. Mr Bloore is also a member of the Audit Committee and Insurance & Claims Committee for each of these companies, as well as being a member of the MasterKey & Plum Investment Committee and the SuperWrap Investment Committee for NULIS Nominees (Australia) Limited.
M Somerville	Ms Somerville is Chair of Australian Executor Trustees Limited and a director of OnePath Investment Holdings Pty Limited and One Path Funds Management Limited.

Remuneration Report (audited)

4. Non-Executive Director remuneration (continued)

2022 Statutory remuneration – NEDs

NED		Short-term benefits		Post-employment	
		Directors' fees[2][3] $	Non-monetary[4] $	Superannuation $	Total $
A Griffiths[1]	**2022**	**373,962**	**2,880**	**-**	**376,842**
	2021	256,500	676	-	257,176
E Flynn[1]	**2022**	**254,019**	**-**	**-**	**254,019**
	2021	161,500	-	-	161,500
J Selak	**2022**	**226,442**	**-**	**22,644**	**249,086**
	2021	147,489	-	14,011	161,500
A Bloore	**2022**	**235,529**	**-**	**23,291**	**258,821**
	2021	147,489	-	14,011	161,500
M Somerville	**2022**	**232,407**	**-**	**23,245**	**255,652**
	2021	147,542	-	13,958	161,500
Total	**2022**	**1,322,359**	**2,880**	**69,181**	**1,394,420**
	2021	860,520	676	41,980	903,176

[1]Directors' fees include mandated superannuation guarantee contributions in line with the Superannuation opt out rules.

[2]Director fees include board and committee fees received in cash.

[3]Directors took a reduction in fees for 6 months during the 2021 financial year in acknowledgement of the impact of COVID-19.

[4]Non-monetary benefits include company funded benefits and fringe benefits tax payable on those benefits, typically car parking.

Equity holdings of NEDs

Name	Balance as at 1 July 2021	Changes during the year	Balance as at 30 June 2022	Balance as at report sign-off date
A Griffiths	100,000	-	100,000	100,000
E Flynn	49,021	-	49,021	49,021
J Selak	145,000	4,727	149,727	149,727
A Bloore	17,190	-	17,190	17,190
M Somerville	10,840	-	10,840	10,840

Terms of appointment

All NEDs 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.

Remuneration Report (audited)

5. Company performance and remuneration impacts

In considering the Group's financial performance and impacts on shareholder wealth for the residual LTI (excluding for the 2020 financial year as no LTI was awarded in respect of the year ended 30 June 2020), and for the new EEP determination, the Committee has regard to the following financial metrics in respect of the current financial year and the previous four financial years.

5-year Group performance

	2022	2021	2020	2019	2018
Profitability measures					
Profit attributable to owners of the Company ($'m)	36.8	(142.6)	141.2	28.6	88.3
UNPAT ($'m)[1]	234.5	147.8	128.8	198.0	191.4
UNPAT EPS (cents per share)	36.1	25.1	36.8	56.5	57.3
Share information					
Basic EPS (cents per share)	5.7	(24.2)	40.3	8.1	26.4
Basic EPS (continuing operations) (cents per share)	4.2	(25.9)	15.1	(8.5)	31.6
Share price at start of year	$ 4.27	$ 4.92	$ 5.17	$ 8.99	$ 9.80
Share price at end of year	$ 2.69	$ 4.27	$ 4.92	$ 5.17	$ 8.99
Change in share price	$ (1.58)	$ (0.65)	$ (0.25)	$ (3.82)	$ (0.81)
Dividends per share (cents per share)	23.6	23.0	34.5	37.5	54.0
Ratios					
Return on equity (statutory measure)[2]	1.50%	(5.74%)	8.28%	1.57%	5.21%
Return on equity (non-statutory measure)[2]	9.52%	5.96%	7.59%	10.90%	11.30%
Total shareholder return	(31.5)%	(8.5)%	1.8%	(36.8)%	(2.8)%
STIs paid to KMP					
Total STIs paid to KMP ($'000s)	426	434	173	143	2,046

(1) UNPAT is reconciled to profit attributable to owners of the Company in the Operating and Financial Review at page 9 of the Directors' Report.

(2) RoE is calculated by dividing NPAT or UNPAT by average equity on issue during the year.

Remuneration Report (audited)

6. Key Management Personnel remuneration – additional statutory disclosure

The following table sets out the remuneration received by KMP for the year ended 30 June 2022. The share-based payments shown below are not amounts actually received by KMP during the year, as in accordance with accounting standards, they include accounting values for unvested share awards.

Element of Remuneration		Short-term benefits			Post-employ-ment	Share-based payments(2)	Total	Component as a % of total remuneration	
		Salary	Bonus - cash	Non-mone-tary(1)	Super-annu-ation	Perform-ance rights			
Component of Remuneration		Fixed	Variable	Fixed	Fixed	Variable		Fixed	Var (3)
		$	$	$	$	$	$	%	%
R Mota(6)	2022	1,280,758	-	3,083	23,568	535,374	1,842,783	71	29
	2021	1,058,306	-	676	21,694	417,433	1,498,109	72	28
D Chalmers(6)	2022	796,323	-	3,083	23,575	166,050	989,031	83	17
	2021	738,306	-	1,702	21,694	68,451	830,153	92	8
F Lombardo	2022	705,663	-	3,083	23,568	236,575	968,889	76	24
	2021	528,306	-	1,620	21,694	237,769	789,389	70	30
D Whereat	2022	540,133	-	5,899	23,575	124,886	694,493	82	18
	2021	528,306	-	3,599	21,694	74,729	628,328	88	12
M Oliver	2022	504,864	-	5,899	23,568	117,644	651,975	82	18
	2021	478,306	-	3,594	21,694	71,877	575,471	88	12
L Stewart(5)	2022	611,125	100,000	-	23,568	50,596	785,289	81	19
	2021	598,306	-	-	21,694	21,220	641,220	97	3
G Mulcahy(4)(5)	2022	660,769	326,000	10,574	-	58,498	1,055,841	64	36
	2021	47,659	92,158	-	-	-	139,817	34	66
Former KMP									
D Farmer(4)(5)	2021	369,697	331,876	-	19,886	121,726	843,185	46	54
Total	2022	5,099,635	426,000	31,621	141,421	1,289,623	6,988,301		
	2021	4,347,192	424,034	11,191	150,050	1,013,205	5,945,672		

(1) Non-monetary benefits include company funded benefits and fringe benefits tax payable on those benefits, typically car parking.
(2) Share-based payments include accruals in relation to the Executive Performance Share Plans and accruals in relation to other grants of performance rights 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, taking into account the results of the annual performance conditions.
(3) As payment of the variable component is at the discretion of the Board, the minimum value is nil and the maximum is the total amount paid.
(4) Amounts represent payments relating to the period during which the individuals were identified as KMP.
(5) G Mulcahy and D Farmer Short Term Incentive (STI) amounts represent cash accruals in current and prior year. L Stewart represents a commencement incentive paid during the financial year. No superannuation was paid in respect of G Mulcahy as they are a member of a defined benefit plan which is in a payment holiday. Disclosure of the defined benefit plan is made at Note 32.
(6) Individual took a reduction in salary for 6 months in 2021 in acknowledgement of the impact of COVID-19.

Remuneration Report (audited)

7. Other information

Equity holdings

The table below sets out details of deferred shares and rights that were granted to KMP during the 2022 financial year or in prior years and that then vested, were exercised/sold or which lapsed/were forfeited during the 2022 financial year.

Name	Type of instrument	Grant date	Fair value per right at grant date	Number granted[1]	Balance at 1 July 2021	Granted as compensation	Exercised/ Vested[2]	Forfeited/ Lapsed	Balance at 30 June 2022	Financial year of performance period end
CEO & Managing Director										
R Mota	2022 Executive Equity Plan	4-Mar-22	$2.72	351,426	-	351,426	-	(40,399)	311,027	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	239,597	239,597	-	-	-	239,597	2024
	2020 LTI performance rights	17-Dec-19	$5.90	75,000	75,000	-			75,000	2022
	2019 LTI performance rights	26-Sep-18	$4.93	50,000	50,000	-	(25,000)	-	25,000	2021
Total R Mota					**364,597**	**351,426**	**(25,000)**	**(40,399)**	**650,624**	
Current KMP										
D Chalmers	2022 Executive Equity Plan	4-Mar-22	$2.72	165,504	-	165,504	-	(19,026)	146,478	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	119,799	119,799	-	-	-	119,799	2024
Total D Chalmers					**119,799**	**165,504**	**-**	**(19,026)**	**266,277**	
F Lombardo	2022 Executive Equity Plan	4-Mar-22	$2.72	131,232	-	131,232	-	(15,086)	116,146	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	82,262	82,262	-	-	-	82,262	2024
	2020 LTI performance rights	17-Dec-19	$5.90	44,000	44,000	-	-	-	44,000	2022
	2019 LTI performance rights	26-Sep-18	$4.93	44,000	44,000	-	(22,000)	-	22,000	2021
Total F Lombardo					**170,262**	**131,232**	**(22,000)**	**(15,086)**	**264,408**	
D Whereat	2022 Executive Equity Plan	4-Mar-22	$2.72	113,790	-	113,790	-	(11,844)	101,946	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	54,908	54,908	-	-	-	54,908	2024
	2020 LTI performance rights	17-Dec-19	$5.90	10,000	10,000	-	-	-	10,000	2022
	2019 LTI performance rights	26-Sep-18	$4.93	10,000	10,000	-	(5,000)	-	5,000	2021
Total D Whereat					**74,908**	**113,790**	**(5,000)**	**(11,844)**	**171,854**	

Continued on next page.

Remuneration Report (audited)

7. Other information (continued)

Name	Type of instrument	Grant date	Fair value per right at grant date	Number granted[1]	Balance at 1 July 2021	Granted as compensation	Exercised/ Vested[2]	Forfeited/ Lapsed	Balance at 30 June 2022	Financial year of performance period end
Current KMP (continued)										
M Oliver	2022 Executive Equity Plan	4-Mar-22	$2.72	103,528	-	103,528	-	(8,507)	95,021	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	49,916	49,916	-	-	-	49,916	2024
	2020 LTI performance rights	17-Dec-19	$5.90	10,000	10,000	-	-	-	10,000	2022
	2019 LTI performance rights	26-Sep-18	$4.93	10,000	10,000	-	(5,000)	-	5,000	2021
Total M Oliver					**69,916**	**103,528**	**(5,000)**	**(8,507)**	**159,937**	
L Stewart	2022 Executive Equity Plan	4-Mar-22	$2.72	51,267	-	51,267	-	(7,008)	44,259	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	37,138	37,138	-	-	-	37,138	2024
Total L Stewart					**37,138**	**51,267**	**-**	**(7,008)**	**81,397**	
G Mulcahy	2022 Executive Equity Plan	4-Mar-22	$2.72	102,293	-	102,293	-	(13,983)	88,310	2025
Total G Mulcahy					**-**	**102,293**	**-**	**(13,983)**	**88,310**	
Total KMP					**836,620**	**1,019,040**	**(57,000)**	**(115,853)**	**1,682,807**	

[1]Exercise price at grant date is $nil.

[2]Vested rights are in holding lock for 12 months beyond the completion of the performance period.

Remuneration Report (audited)

7. Other information (continued)

The relevant interest of KMP in the shares issued by the Company, is as follows:

Ordinary shares[1]		Balance at 1 July 2021 No.	Received on vesting of performance rights[2] No.	Net other change No.	Balance at 30 June 2022 No.
CEO & Managing Director					
R Mota	**2022**	**347,328**	**25,000**	**-**	**372,328**
	2021	204,227	28,112	114,989	347,328
Current KMP					
D Chalmers	**2022**	**-**	**-**	**-**	**-**
	2021	-	-	-	-
F Lombardo	**2022**	**45,576**	**22,000**	**-**	**67,576**
	2021	19,038	26,538	-	45,576
D Whereat	**2022**	**10,000**	**5,000**	**-**	**15,000**
	2021	-	-	10,000	10,000
M Oliver	**2022**	**-**	**5,000**	**-**	**5,000**
	2021	-	-	-	-
L Stewart	**2022**	**-**	**-**	**-**	**-**
	2021	-	-	-	-
G Mulcahy	**2022**	**-**	**-**	**-**	**-**
	2021	-	-	-	
Former KMP					
D Farmer[3]	2021	14,261	6,761	-	21,022

[1]The equity holding for the above individuals is inclusive of both direct and indirect shareholdings.

[2]Rights that vested in 2022 are in holding lock for 12 months beyond the completion of the performance period.

[3]Closing balance is number of shares held at the time of cessation as KMP.

Remuneration Report (audited)

7. Other information (continued)

Contract terms

The term of each KMP's contract is ongoing. Either Insignia Financial or the individual KMP (excluding the CEO) can terminate their contract on 6 months' notice. In the case of the CEO, either Insignia Financial or the CEO can terminate his contract on 12 months' notice.

In the case of termination of employment, Insignia Financial 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 EEP (if applicable). The Board has discretion regarding treatment of unvested short and long-term incentives received under the previous remuneration framework.

Payments to persons before taking office

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

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

The Remuneration Report is prepared, and audited, in accordance with the requirements of the *Corporations Act 2001*. It forms part of the Directors' Report.

John Selak

Group People & Remuneration Committee Chair

25 August 2022

KPMG

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

To the Directors of Insignia Financial Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Insignia Financial Ltd for the financial year ended 30 June 2022 there have been:

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

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

KPMG

KPMG

Chris Wooden

Partner

Melbourne

25 August 2022

Consolidated statement of comprehensive income

For the year ended 30 June 2022

	Note	2022 $'m	2021* $'m
Continuing operations			
Revenue	3	2,148.8	1,287.4
Expenses	4	(2,085.5)	(1,217.2)
Impairment expense		(7.8)	(199.9)
Share of profit/(loss) of associates accounted for under the equity method	28	13.4	(1.0)
Finance costs		(29.3)	(10.9)
Profit/(Loss) before tax and statutory funds from continuing operations		39.6	(141.6)
Income tax expense	5	(12.0)	(11.2)
Profit/(Loss) after tax before statutory funds from continuing operations		27.6	(152.8)
Statutory fund revenue**	31	7.6	73.8
Statutory fund expenses**	31	(30.8)	(28.2)
Statutory fund income tax benefit/(expense)**	31	23.2	(45.6)
Statutory fund contribution to profit/(loss), net of tax		-	-
Profit/(Loss) for the year from continuing operations		**27.6**	**(152.8)**
Discontinued operations			
Profit from discontinued operations, net of tax	30	9.2	10.2
Profit/(Loss) for the year		**36.8**	**(142.6)**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Change in fair value of financial assets through other comprehensive income		(0.5)	(27.9)
Remeasurements of defined benefit asset		4.4	0.8
Income tax (expense)/benefit on other comprehensive income		(1.2)	8.3
		2.7	(18.8)
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		0.2	0.2
Income tax benefit/(expense) on other comprehensive income		-	(0.1)
		0.2	0.1
Other comprehensive income/(loss) for the year, net of income tax		**2.9**	**(18.7)**
Total comprehensive income/(loss) for the year		**39.7**	**(161.3)**
Profit/(Loss) attributable to:			
Owners of the Company		36.8	(142.6)
Non-controlling interest		-	-
Profit/(Loss) for the year		**36.8**	**(142.6)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		39.7	(161.3)
Non-controlling interest		-	-
Total comprehensive income/(loss) for the year		**39.7**	**(161.3)**
Earnings per share			
Basic earnings per share (cents per share)	7	5.7	(24.2)
Diluted earnings per share (cents per share)	7	5.6	(24.2)
Earnings per share - continuing operations:			
Basic earnings per share (cents per share)	7	4.3	(25.9)
Diluted earnings per share (cents per share)	7	4.2	(25.9)

Notes to the consolidated financial statements are included on pages 58 to 116.

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

**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.

Consolidated statement of financial position

As at 30 June 2022

	Note	2022 $'m	2021* $'m
Assets			
Cash	8	518.0	670.7
Receivables	9	685.3	738.8
Other financial assets	10	1,239.8	1,324.9
Current tax assets		43.2	0.7
Other assets		28.0	20.8
Assets classified as held for sale	30	76.6	-
Property and equipment	11	208.1	145.8
Net defined benefit asset	32	20.1	17.2
Associates	28	88.5	95.1
Intangible assets	12	802.2	891.6
Goodwill	13	1,804.5	1,850.9
Total assets		**5,514.3**	**5,756.5**
Liabilities			
Payables	14	467.2	372.3
Other financial liabilities	15	1,108.2	1,192.7
Provisions	17	545.7	893.0
Liabilities associated with assets classified as held for sale	30	10.2	-
Lease liabilities	16	189.4	124.9
Borrowings	19	771.3	648.6
Deferred tax liabilities	5	21.4	32.0
Total liabilities		**3,113.4**	**3,263.5**
Net assets		**2,400.9**	**2,493.0**
Equity			
Share capital	20	3,013.6	2,996.0
Reserves	21	5.0	3.8
Accumulated losses		(617.5)	(506.6)
Total equity attributable to equity holders of the Company		2,401.1	2,493.2
Non-controlling interest		(0.2)	(0.2)
Total equity		**2,400.9**	**2,493.0**

Notes to the consolidated financial statements are included on pages 58 to 116.

*Restated. Refer to Note 27 Acquisition of subsidiary.

Consolidated statement of changes in equity

For the year ended 30 June 2022

For the year ended 30 June 2022	Ordinary shares	Treasury shares	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Balance at 1 July 2021*	3,000.6	(4.6)	3.8	(506.6)	**2,493.2**	(0.2)	**2,493.0**
Total comprehensive income for the year							
Profit for the year attributable to owners of the Company	-	-	-	36.8	**36.8**	-	**36.8**
Other comprehensive income for the year, net of income tax	-	-	(0.1)	3.0	**2.9**	-	**2.9**
Total comprehensive income for the year	-	-	(0.1)	39.8	**39.7**	-	**39.7**
Transactions with owners, recorded directly in equity							
Contributions by and (distributions to) owners							
Issue of shares under dividend reinvestment plan	16.4	-	-	-	**16.4**	-	**16.4**
Dividends paid	-	-	-	(151.1)	**(151.1)**	-	**(151.1)**
Share-based payments expense	-	-	2.9	-	**2.9**	-	**2.9**
Transfer from employee equity-settled benefits reserve on exercise of performance rights	1.2	-	(1.2)	-	**-**	-	**-**
Treasury shares transferred to recipients during the year	(1.0)	1.0	-	-	**-**	-	**-**
Transfer from foreign currency translation reserve to retained earnings	-	-	(0.4)	0.4	**-**	-	**-**
Total transactions with owners	16.6	1.0	1.3	(150.7)	**(131.8)**	-	**(131.8)**
Balance at 30 June 2022	3,017.2	(3.6)	5.0	(617.5)	**2,401.1**	(0.2)	**2,400.9**

Notes to the consolidated financial statements are included on pages 58 to 116.

*Restated. Refer to Note 27 Acquisition of subsidiary.

Consolidated statement of changes in equity

For the year ended 30 June 2022

For the year ended 30 June 2021*	Ordinary shares	Treasury shares	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Balance at 1 July 2020	1,970.8	(5.0)	91.3	(319.4)	**1,737.7**	(0.2)	**1,737.5**
Total comprehensive loss for the year							
Loss for the year attributable to owners of the Company	-	-	-	(142.6)	**(142.6)**	-	**(142.6)**
Other comprehensive income for the year, net of income tax	-	-	(19.3)	0.6	**(18.7)**	-	**(18.7)**
Total comprehensive loss for the year	-	-	(19.3)	(142.0)	**(161.3)**	-	**(161.3)**
Transactions with owners, recorded directly in equity							
Contributions by and (distributions to) owners							
Issue of shares	1,043.9	-	-	-	**1,043.9**	-	**1,043.9**
Transaction costs of issuing new shares (net of tax)	(14.3)	-	-	-	**(14.3)**	-	**(14.3)**
Dividends paid	-	-	-	(115.0)	**(115.0)**	-	**(115.0)**
Share-based payments expense	-	-	2.2	-	**2.2**	-	**2.2**
Transfer from employee equity-settled benefits reserve on exercise of performance rights	0.6	-	(0.6)	-	**-**	-	**-**
Treasury shares transferred to recipients during the year	(0.4)	0.4	-	-	**-**	-	**-**
Transfer of lapsed performance rights to retained earnings	-	-	(0.4)	0.4	**-**	-	**-**
Transfer from revaluation of financial assets reserve to retained earnings, net of tax	-	-	(69.4)	69.4	**-**	-	**-**
Total transactions with owners	1,029.8	0.4	(68.2)	(45.2)	**916.8**	-	**916.8**
Balance at 30 June 2021*	3,000.6	(4.6)	3.8	(506.6)	**2,493.2**	(0.2)	**2,493.0**

Notes to the consolidated financial statements are included on pages 58 to 116.

*Restated. Refer to Note 27 Acquisition of subsidiary.

Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	2022 $'m	2021 $'m
Cash flows from operating activities			
Receipts from customers		2,228.6	1,406.1
Payments to suppliers and employees		(1,826.5)	(1,139.9)
Dividends from associates		12.0	0.2
Remediation costs		(257.1)	(103.1)
Transformation and integration costs		(116.4)	(45.9)
Legal settlements paid		(8.1)	(21.5)
Non-recurring BT settlement fee		-	80.0
Income taxes paid - corporate		(37.7)	(39.0)
Net cash (used in) / provided by operating activities from the corporate group		(5.2)	136.9
Receipts from customers - statutory funds		2.4	3.4
Payments to suppliers and employees - statutory funds		(7.8)	(8.6)
Contributions received - statutory funds		107.1	135.0
Withdrawal payments - statutory funds		(123.0)	(130.4)
Dividends and distributions received - statutory funds		0.9	1.7
Proceeds from divestment of financial instruments - statutory funds		124.4	148.9
Payments for financial instruments - statutory funds		(102.1)	(134.5)
Amounts advanced to / (received from) other entities - statutory funds		5.9	(15.5)
Income taxes (paid) / refunded - statutory funds		(8.1)	0.9
Net cash (used in) / provided by operating activities from the statutory funds		(0.3)	0.9
Net cash (used in) / provided by operating activities	8	(5.5)	137.8
Cash flows from investing activities			
Dividends and distributions received		0.3	0.4
Interest received		5.1	3.5
Proceeds on divestment of subsidiaries		1.4	-
Acquisition of subsidiary, net of cash acquired		-	(857.2)
Net proceeds on purchase and sales of financial and other assets		1.4	102.2
Net (payments for) /proceeds from financial instruments		(29.3)	28.7
Payments for property and equipment		(20.4)	(9.3)
Payments for intangible assets		(26.8)	(7.1)
Net cash used in investing activities		(68.3)	(738.8)
Cash flows from financing activities			
Borrowings repaid		(80.0)	(575.0)
Drawdown of borrowings		194.0	591.0
Proceeds from issue of shares	20	-	1,043.9
Transaction costs of issuing new shares		-	(20.4)
Repayment of lease liabilities		(30.3)	(21.7)
Interest and other costs of finance paid		(15.1)	(7.4)
Dividends paid to owners of the Company		(134.7)	(115.0)
Net cash (used in)/provided by financing activities		(66.1)	895.4
Net (decrease)/increase in cash and cash equivalents		(139.9)	294.4
Cash and cash equivalents at the beginning of year		670.7	374.7
Effects of exchange rate changes on cash and cash equivalents		-	1.6
Reclassified to assets held for sale		(12.8)	-
Cash and cash equivalents at the end of year		**518.0**	**670.7**

Notes to the consolidated financial statements are included on pages 58 to 116.

Notes to the financial statements

For the year ended 30 June 2022

Section 1 - Basis of preparation

This section sets out the Insignia Financial 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 2022 or later years. The expected impact of these changes to the financial position and performance of the Insignia Financial Group is explained in this section.

1 Basis of preparation

Reporting entity

Insignia Financial Ltd (previously IOOF Holdings Ltd) ('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 2022 comprise the Company and its controlled entities (collectively, the Insignia Financial Group or the Group).

The Insignia Financial Group is a for-profit entity. The principal activities of the Insignia Financial Group are:

- **Platforms:** Offering a wide range of financial services solutions on superannuation and investments to clients including investors, members, employers and advisers.
- **Advice:** Providing quality financial advice that is accessible, affordable and engaging for Australians, and helping clients navigate their way through a range of financial products and services and educating clients to improve their financial literacy.
- **Asset Management:** Delivering strong and consistent returns to clients with access to world-leading investment managers across a broad range of highly rated single and multi-manager funds and other attractive investment opportunities.

Effective 9 December 2021, the Company changed its name to Insignia Financial Ltd and commenced rebranding the corporate group to Insignia Financial. The Insignia Financial name is a unifying brand for the Insignia Financial people and represents the shared ambition of creating financial wellbeing for all Australians.

The Company's registered office and its principal place of business are Level 1, 800 Bourke Street, Docklands Victoria 3008.

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 25 August 2022.

(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;
- equity investments at fair value through other comprehensive income are measured at fair value; and
- assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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.

(d) Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that instrument amounts in the financial report are rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Notes to the financial statements

For the year ended 30 June 2022

1 Basis of preparation (continued)

(e) Use of estimates and judgements

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 year in which the estimates are revised and in any future years affected.

Information about critical judgements in applying accounting policies, assumptions and estimation uncertainties that may have a significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 12 – Intangible assets (other than goodwill);
- note 13 – Goodwill;
- note 17 – Provisions;
- note 22 – Contingencies;
- note 24 – Fair value information
- note 27 – Acquisition of subsidiary;
- note 30 – Discontinued operations;
- note 32 – Defined benefits plan; and
- note 33 – Share-based payments.

(f) 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.

- Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled subsidiaries of the Company as at 30 June 2022 and the results of all controlled subsidiaries for the year then ended. This includes the statutory funds of its subsidiary, IOOF Ltd, and any controlled trusts.

The statutory 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 Insignia Financial Group, are shown separately from shareholder funds in the notes to the financial statements.

Refer to Note 31 Statutory funds for information in relation to the different accounting treatment of investment contracts with discretionary participating features.

- Business combinations

The Insignia Financial 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. 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.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Insignia Financial Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

- Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Insignia Financial Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the financial statements

For the year ended 30 June 2022

1 Basis of preparation (continued)

- Subsidiaries

Subsidiaries are entities controlled by the Insignia Financial Group. The Insignia Financial 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.

- Loss of control

When the Insignia Financial Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests 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.

- IOOF Equity Plans Trust (the Trust)

The Insignia Financial Group has formed a Trust to administer the Insignia Financial Group's employee share schemes. The Trust is consolidated, as the substance of the relationship is that the Trust is controlled by the Insignia Financial Group. Shares held by the Trust are disclosed as treasury shares and are deducted from share capital.

- Transactions eliminated on consolidation

Intra-Insignia Financial Group balances and transactions, and any unrealised income and expenses arising from intra-Insignia Financial 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 Insignia Financial 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.

- Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing 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 prevailing 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 prevailing at the balance sheet date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates prevailing at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve.

- 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.

Notes to the financial statements

For the year ended 30 June 2022

1 Basis of preparation (continued)

- Restatement of prior year information

As described in Note 27 Acquisition of subsidiary, the purchase price allocation for the MLC businesses acquired on 31 May 2021 was finalised during the current financial year. The impact of the adjustments on the 30 June 2021 statement of financial position and statement of comprehensive income are described in note 27.

(g) Adoption of new and revised Standards

New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Insignia Financial Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New standards or amendments	Effective first financial year end
AASB 17 *Insurance Contracts*	30 June 2024
AASB 101 *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*	30 June 2024
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	30 June 2023

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Insignia Financial Group in future periods, except as noted below:

AASB 17 *Insurance Contracts*

AASB 17 *Insurance Contracts* replaces AASB 4 *Insurance Contracts* and similarly applies to insurance contracts. The classification of insurance contracts is similar to AASB 4 *Insurance Contracts* however unbundling rule changes may mean some contract components now need to be measured under AASB 17.

AASB 17 *Insurance Contracts* establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held. It requires similar principles to be applied to investment contracts with discretionary participation features if the entity issues insurance contracts. AASB 17 *Insurance Contracts* impacts the operations and financial position of IOOF Ltd only.

The Insignia Financial Group is undertaking its assessment of the potential impact on its financial statements but the likely impact is yet to be determined.

The Insignia Financial Group plans to adopt AASB 17 *Insurance Contracts* in the consolidated financial statements for the year ending 30 June 2024.

Notes to the financial statements

For the year ended 30 June 2022

Section 2 – Results for the year

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

2 Operating Segments

During the year, the Insignia Financial Group reorganised its reporting structure following the completion of the acquisition of the MLC businesses and the ex-ANZ Wealth businesses acquired in prior years (the reorganisation).

As a result of the reorganisation, the Insignia Financial Group changed the structure of its internal reporting to the Chief Executive Officer who is the chief operating decision maker for the purpose of segment reporting under AASB 8 *Segment Reporting*.

Prior period comparatives have been restated to align with the new segments. The four segments of the Insignia Financial Group are: Platforms, Advice, Asset Management and Corporate.

Segment performance is measured based on segment underlying net profit after tax (UNPAT) basis as discussed in the Operating and Financial Review section of the Directors' Report. Management believes that UNPAT is the most relevant measure in evaluating the performance of each segment.

Platforms

Offering a wide range of financial services solutions on superannuation and investments to clients including investors, members, employers and advisers.

Advice

Providing quality financial advice that is accessible, affordable and engaging for Australians, and helping clients navigate their way through a range of financial products and services and educating clients to improve their financial literacy.

Asset Management

Delivering strong and consistent returns to clients with access to world-leading investment managers across a broad range of highly rated single and multi-manager capabilities and other attractive investment opportunities.

Corporate

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

Notes to the financial statements

For the year ended 30 June 2022

2 Operating Segments (continued)

Information regarding the results of each reportable segment (excluding the statutory funds) is included below.

	Platforms		Advice		Asset Management		Corporate		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021*
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Management and service fees revenue	1,158.1	548.9	585.9	500.7	310.6	123.0	0.1	-	2,054.7	1,172.6
Other fee revenue	11.0	14.4	42.8	27.4	17.5	5.1	-	1.2	71.3	48.1
Share of profits of associates	-	-	(1.3)	(1.4)	14.7	0.4	-	-	13.4	(1.0)
Service fees and other direct costs	(206.9)	(79.3)	(409.4)	(363.4)	(52.2)	(51.7)	-	0.5	(668.5)	(493.9)
Other revenue	7.6	2.3	4.7	3.6	-	0.2	0.9	-	13.2	6.1
Inter-segment revenue	52.9	7.0	0.1	4.3	5.7	-	-	1.0	58.7	12.3
Inter-segment expenses	(5.7)	(11.6)	(0.4)	(0.5)	(52.6)	(0.2)	-	-	(58.7)	(12.3)
Gross margin from continuing operations	1,017.0	481.7	222.4	170.7	243.7	76.8	1.0	2.7	1,484.1	731.9
Operating expenditure	(610.6)	(283.4)	(283.3)	(157.4)	(137.2)	(24.6)	(64.5)	(40.5)	(1,095.6)	(505.9)
Finance income	4.5	1.3	0.1	-	-	-	0.4	2.5	5.0	3.8
Finance costs	(2.1)	(0.4)	(1.3)	(0.5)	(0.7)	-	(25.2)	(10.0)	(29.3)	(10.9)
Share-based payments expense	(1.7)	(0.9)	(0.8)	(0.5)	(0.2)	(0.3)	(0.1)	(0.5)	(2.8)	(2.2)
Depreciation of property & equipment	(14.9)	(16.4)	(10.8)	(9.8)	(4.0)	(1.7)	(11.3)	(0.4)	(41.0)	(28.3)
Amortisation of intangible assets	(0.7)	(0.8)	-	-	(0.2)	-	(0.3)	-	(1.2)	(0.8)
Loss on disposal of subsidiaries	-	-	-	-	(3.3)	-	-	-	(3.3)	-
Impairment expenses	-	-	(4.4)	-	-	-	(3.4)	-	(7.8)	-
Income tax (expense) / benefit	(118.0)	(54.8)	22.8	(1.8)	(24.5)	(15.1)	35.6	20.2	(84.1)	(51.5)
UNPAT from continuing operations	273.5	126.3	(55.3)	0.7	73.6	35.1	(67.8)	(26.0)	**224.0**	**136.1**
Impairment expenses	-	-	-	(199.9)	-	-	-	-	-	(199.9)
Other UNPAT adjustments	(115.5)	(67.1)	(65.6)	(7.6)	(15.0)	(2.7)	(0.3)	(11.6)	(196.4)	(89.0)
Profit/(Loss) from continuing operations	158.0	59.2	(120.9)	(206.8)	58.6	32.4	(68.1)	(37.6)	**27.6**	**(152.8)**
UNPAT from discontinued operations	10.5	11.7	-	-	-	-	-	-	10.5	11.7
UNPAT for the year	284.0	138.0	(55.3)	0.7	73.6	35.1	(67.8)	(26.0)	**234.5**	**147.8**
UNPAT adjustment from discontinuing operations	(1.3)	(1.5)	-	-	-	-	-	-	(1.3)	(1.5)
Profit/(Loss) for the year	167.2	69.4	(120.9)	(206.8)	58.6	32.4	(68.1)	(37.6)	**36.8**	**(142.6)**

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

Notes to the financial statements

For the year ended 30 June 2022

3 Revenue

	2022	2021*
	$'m	$'m
Management and service fees revenue		
Management and administration fees	1,386.9	638.1
Financial planning revenue	576.6	468.6
Other management and service fees revenue	91.2	65.9
Management and service fees revenue	2,054.7	1,172.6
Other fee revenue		
Stockbroking revenue	5.3	3.3
Other	66.0	44.8
Other fee revenue	71.3	48.1
Finance income		
Interest income on financial assets measured at fair value	4.1	0.3
Interest income on financial assets measured at amortised cost	0.9	3.5
Finance income	5.0	3.8
Other revenue		
Net fair value gain / (losses) on financial instruments at fair value through profit or loss	4.4	(4.7)
Dividends and distributions received	0.3	0.7
Sundry income	13.1	4.9
BT settlement income	-	58.8
Other	-	3.2
Other revenue	17.8	62.9
Total revenue	**2,148.8**	**1,287.4**

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer. The Insignia Financial Group recognises revenue when it transfers control over a good or service to a customer.

Management and service fees revenue

The Insignia Financial Group provides management services to unit trusts and funds operated by the Insignia Financial 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 as performance obligations are satisfied over time.

Revenue from the provision of financial planning services together with revenue from the rendering of services are recognised as performance obligations are satisfied over time.

Other fee revenue

Other fee revenue, which includes dealer fees, performance fees, and other fee revenue is recognised as performance obligations are satisfied over time.

Finance income

Finance income includes interest income earned on fixed income investments measured at fair value and interest income recognised using the effective interest method on cash and cash equivalents.

Dividend income

Dividend income is recognised in profit or loss on the date that the Insignia Financial Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

BT settlement income

One-off settlement income in 2021 in connection with the termination of the platform relationship with BT Portfolio Services Ltd, net of debtors previously recognised.

Notes to the financial statements

For the year ended 30 June 2022

4 Expenses

	2022	2021*
	$'m	$'m
Service fees and other direct costs		
Service fees expense	607.0	444.4
Stockbroking service fees expense	1.4	1.0
Other direct costs	60.1	48.5
	668.5	**493.9**
Operating expenditure		
Salaries and related employee expenses (excluding superannuation)	684.1	321.6
Employee defined contribution plan expense	50.7	22.9
Information technology costs	176.3	73.1
Professional fees	73.4	45.3
Office support and administration	63.9	27.3
Occupancy related expenses	27.3	9.1
Marketing	12.1	6.0
Travel and entertainment	2.1	0.3
Other	5.7	0.3
	1,095.6	**505.9**
Other expenses		
Share-based payments expense	2.8	2.2
Transformation and integration costs	96.1	50.2
Legal settlement	2.0	24.3
Evolve21 costs	9.0	12.6
Evolve23 costs	11.3	-
Depreciation of property and equipment	41.0	28.3
Amortisation of intangible assets	85.8	59.8
Remediation costs	70.1	28.2
Loss on disposal of subsidiaries	3.3	-
Other	-	11.8
	321.4	**217.4**
Total expenses	**2,085.5**	**1,217.2**

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

Accounting policies

Expenses are recognised at the fair value of the consideration paid or payable for services received.

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 the products and services of the Insignia Financial 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.

Salaries and related employee expenses

These entitlements include salaries, wages, superannuation, bonuses, overtime, allowances, annual and long service leave, but exclude share-based payments. The accounting policies for the major expense categories under this definition are as follows.

Notes to the financial statements

For the year ended 30 June 2022

4 Expenses (continued)

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 Insignia Financial 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.

Annual and long service leave benefits

The Insignia Financial 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 years plus related on-costs.

Liabilities for long-term benefits that are expected to be settled beyond 12 months are discounted using rates attaching to high quality corporate bonds 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 years of service.

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 years 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.

Share-based payments expense

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 year 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.

The fair value at grant date is independently determined where considered appropriate.

Shares held by the IOOF Equity Plans Trust will contribute to the employee allocation of shares on satisfaction of vesting performance hurdles. The Insignia Financial Group has no right to recall placed shares. A third party trustee company acts as the Trustee of the Trust.

Further information is included in Note 33 Share-based payments.

Termination payments

Termination benefits or redundancy costs are recognised as an expense when the Insignia Financial Group is committed demonstrably to a formal detailed plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Information technology expenses

Technology costs are expensed as they are incurred, with the exception of costs relating to licenses and right of use, including software as a service arrangements. These costs are recognised as prepaid assets where relevant in the Statement of Financial Position and expensed to profit or loss over the life of the licence.

Notes to the financial statements

For the year ended 30 June 2022

4 Expenses (continued)

Transformation and integration costs

This includes transaction costs associated with external advisers, upfront costs of securing finance and internal staff and specialist contractor costs relating to the acquisition and integration of recently acquired MLC and ANZ P&I businesses. This category also includes project labour costs, redundancy and termination costs, IT and other consultancy fees, outsourced hosting services and adviser recognition program costs directly related to transformation and integration of those businesses.

Amortisation of intangible assets

The value of intangible assets, with the exception of goodwill and brand names with indefinite useful lives, reduces over the number of years the Insignia Financial Group expects to use the asset, the useful economic life, via an annual amortisation charge to profit and loss. The values and useful lives ascribed are reflective of arms-length transactions and independent expert advice thereon.

Impairment

Where there has been a technological change or decline in business performance, amongst other impairment indicators, management reviews the value of assets to ensure they have not fallen below their carrying value. Should an asset's value fall below its carrying value an impairment charge is made against profit.

Remediation costs

Remediation costs relate to movements in remediation provisions on the Group's various structured remediation programs, other than payments to clients or advisers which are recorded directly against the provision.

5 Income taxes

	2022	2021*
	$'m	$'m
Current tax expense		
Current year	(18.8)	16.6
Adjustment for prior years	1.9	(4.9)
Taxable losses not recognised	0.6	-
	(16.3)	11.7
Deferred tax expense		
Origination and reversal of temporary differences	28.6	(4.0)
Adjustments recognised in the current year in relation to the deferred tax of prior years	(0.3)	3.5
	28.3	(0.5)
Total income tax expense	**12.0**	**11.2**

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

Income tax recognised directly in equity	2022	2021
	$'m	$'m
Equity raising costs:		
Before tax	-	(20.5)
Tax benefit	-	6.1
Net of tax	**-**	**(14.4)**

Notes to the financial statements

For the year ended 30 June 2022

5 Income taxes (continued)

Income tax recognised in other comprehensive income	2022 $'m			2021 $'m		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Financial assets measured at fair value through OCI	(0.5)	0.2	(0.3)	(27.9)	8.5	(19.4)
Remeasurement of defined benefit asset	4.4	(1.4)	3.0	0.8	(0.2)	0.6
Exchange differences on translating foreign operations	0.2	-	0.2	0.2	(0.1)	0.1
	4.1	**(1.2)**	**2.9**	**(26.9)**	**8.2**	**(18.7)**

	2022		2021*	
	%	$'m	%	$'m
Reconciliation of effective tax rate				
Profit/(Loss) before tax from continuing operations		39.6		(141.6)
Tax expense/(benefit) using domestic tax rate	30.0%	11.9	30.0%	(42.5)
Tax effect of:				
Share of tax credits with statutory funds		0.6		1.4
(Non assessable income)/Non-deductible expenses		(2.3)		2.3
Capital loss not previously recognised		-		(6.7)
Impairment of goodwill & investments		2.3		60.0
Share of net profits of associates		(2.5)		0.3
Assessable associate and subsidiary dividends		2.1		(0.6)
Revenue loss not recognised		0.6		-
Imputation and foreign tax credits		(1.6)		(0.3)
Other		(0.7)		(1.2)
Under/(over) provided in prior periods		1.6		(1.5)
Total income tax expense	**30.3%**	**12.0**	**(7.9%)**	**11.2**

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

For statutory reporting purposes, Insignia Financial Group had an effective tax rate of 30.3% on its continuing operations for the year ended 30 June 2022 (2021: negative 7.9%) compared to a statutory corporate tax rate of 30%. This rate difference is primarily due to impairment of goodwill and investments, research and development (R&D) tax offsets, prior period amendments, and the transfer of deductions to the statutory funds in accordance with the Taxation of Insurance Companies. For the year ended 30 June 2021, the rate difference was primarily due to similar factors, in addition to tax benefit on prior year capital losses not previously recognised, and non-deductible subsidiary acquisition costs.

Notes to the financial statements

For the year ended 30 June 2022

5 Income taxes (continued)

	2022	2021*
	$'m	$'m
Deferred tax assets and liabilities		
Deferred tax assets from temporary differences:		
Salaries and related employee expenses	56.9	61.8
Provisions, accruals and creditors	105.1	215.8
Carry forward capital and revenue losses	14.3	0.2
Lease liability	54.0	35.9
Other	15.0	9.0
Deferred tax asset balance as at 30 June	245.3	322.7
Set-off of deferred tax liabilities pursuant to set-off provisions	(245.3)	(322.7)
Net deferred tax asset balance as at 30 June	**-**	**-**
Deferred tax liability from temporary differences:		
Unrealised gains - corporate	6.9	6.3
Unrealised gains - statutory**	(9.5)	28.5
Customer relationships	200.3	224.9
Property and equipment	51.4	33.2
Customer remediation indemnity	12.2	55.3
Other	5.4	6.5
Deferred tax liability balance as at 30 June	266.7	354.7
Set-off of deferred tax assets pursuant to set-off provisions	(245.3)	(322.7)
Net deferred tax liability balance as at 30 June	**21.4**	**32.0**

	$'m	$'m
Reconciliation of movements		
Net carrying amounts at the beginning of the year	(32.0)	(20.3)
Acquisitions and disposals	-	8.0
Credited/(charged) to Income Statement	(28.0)	0.5
Credited/(charged) to Income Statement - Statutory funds	38.0	(35.2)
Temporary differences directly attributable to equity	(1.2)	14.3
Discontinued operations	0.5	0.7
Reclassification to held for sale	1.3	-
Carrying amount at the end of the year	**(21.4)**	**(32.0)**
Unrecognised deferred tax assets		
Tax losses	5.3	10.1
Potential tax benefit at the Australian tax rate of 30%	**1.6**	**3.0**

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

**Refer to Note 31 Statutory funds.

Notes to the financial statements

For the year ended 30 June 2022

5 Income taxes (continued)

Accounting policies

Income tax

Income tax 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

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. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

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:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries and associates to the extent that the Insignia Financial Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- 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.

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.

Tax consolidation

Insignia Financial Ltd and its wholly owned Australian resident entities (including IOOF Ltd statutory 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.

Notes to the financial statements

For the year ended 30 June 2022

6 Dividends

After 30 June 2022 the following fully franked dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total	Date of payment	Franking
		$'m		
Final 2022 dividend	11.8	77.2	29 September 2022	Fully franked

The following dividends were declared and paid by the Insignia Financial Group during the current and preceding financial year:

	Cents per share	Total	Date of payment	Franking
2022		$'m		
Interim 2022 dividend	11.8	76.6	1-Apr-22	Fully franked
Final 2021 dividend	9.5	61.7	22-Sep-21	Fully franked
Special 2021 dividend	2.0	13.0	22-Sep-21	Fully franked
	23.3	**151.3**		
2021				
Interim 2021 dividend	8.0	51.9	18-Mar-21	Fully franked
Special 2021 dividend	3.5	22.7	18-Mar-21	Fully franked
Final 2020 dividend	11.5	40.4	22-Sep-20	Fully franked
	23.0	**115.0**		

The total dividends declared relating to earnings for the year ended 30 June 2022 amounted to 23.6 cents per share (2021: 23.0 cents per share).

Dividend amounts shown are inclusive of any dividends paid on treasury shares.

Dividend franking account

	2022	2021
	$'m	$'m
Franking credits available for dividends to be declared on profits of the financial year	52.2	78.7
Impact on franking account balance from current tax asset recognised at 30 June, to be received post year end	(38.7)	(4.4)
30 per cent franking credits available to shareholders of Insignia Financial Ltd for subsequent financial years	**13.5**	**74.3**

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits or debits that will arise from the payment of the current tax liabilities or the receipt of current tax assets; and
- franking credits that the Insignia Financial Group 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 $33.1m (2021: $32.0m).

Franked dividends declared or paid during the year were franked at the tax rate of 30 per cent.

Dividend reinvestment plan

The Company operates a dividend reinvestment plan (DRP), effective from the interim 2022 dividend, which allows eligible shareholders to elect to re-invest part or all of their dividend into additional shares in the Company. The DRP provides that a discount may be applied to shares provided under the DRP, at the discretion of the Company.

Notes to the financial statements

For the year ended 30 June 2022

7 Earnings per share

	2022	2021*
	Cents per share	Cents per share
Basic earnings per share		
From continuing operations	4.3	(25.9)
From discontinued operations	1.4	1.7
Total basic earnings per share	**5.7**	**(24.2)**
Diluted earnings per share		
From continuing operations	4.2	(25.9)
From discontinued operations	1.4	1.7
Total diluted earnings per share	**5.6**	**(24.2)**

Basic and diluted earnings per share

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

	2022	2021*
	$'m	$'m
Profit/(Loss) for the year attributable to owners of the Company	36.8	(142.6)
Earnings used in the calculation of basic and diluted EPS	36.8	(142.6)
Profit for the year from discontinued operations used in the calculation of basic and diluted EPS from discontinued operations	9.2	10.2
Earnings used in the calculation of basic and diluted EPS from continuing operations	**27.6**	(152.8)

*Restated. Refer to Note 27 Acquisition of subsidiary and Note 30 Discontinued operations.

	2022	2021
	No. 'm	No. 'm
Weighted average number of ordinary shares		
Weighted average number of ordinary shares (basic)	649.6	589.3
Effect of unvested performance rights	2.6	1.3
Weighted average number of ordinary shares (diluted)	**652.2**	**590.6**

Accounting policies

The Insignia Financial Group presents basic and diluted earnings per share 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 basic earnings per share for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

At 30 June 2022, there were no options outstanding (2021: nil).

The average market value of the Company's shares for purposes of calculating the dilutive effect of performance rights was based on quoted market prices for the year.

Notes to the financial statements

For the year ended 30 June 2022

Section 3 - Assets and liabilities

This section shows the assets used to generate the Insignia Financial Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Insignia Financial Group's financing activities are addressed in Section 4.

8 Cash and cash equivalents

	2022	2021
	$'m	$'m
Cash - corporate	379.8	501.2
Cash - restricted as part of the ORFR*	133.9	164.9
Cash - statutory funds**	4.3	4.6
Cash and cash equivalents	**518.0**	**670.7**

*Held as part of the ORFR on behalf of superannuation funds.

**Refer to Note 31 Statutory funds.

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.

Restricted ORFR cash relates to cash held as part of the operating risk financial reserves (ORFR) on behalf of the superannuation funds. The ORFR is not available for distribution to the shareholders of the Company.

Net cash provided by operating activities

	2022	2021*
	$'m	$'m
Profit/(Loss) after tax for the year	36.8	(142.6)
Depreciation of property and equipment	41.8	29.2
Amortisation of intangible assets	87.6	61.6
Impairment of goodwill	-	199.9
Impairment of other non-current assets	8.8	-
Loss on divestment of assets	-	(0.4)
Fair value gain on financial instruments at fair value through profit and loss	(4.4)	-
Loss on sale of subsidiary	3.3	-
Interest and other finance costs	29.3	11.1
Interest received and receivable	(5.0)	(3.5)
Dividends and distributions received and receivable	(0.4)	(0.4)
Dividends received from associates	12.0	0.2
Share of profits of associates accounted for using the equity method	(13.4)	1.0
Bad and doubtful debts	9.0	-
Share-based payments expense	2.8	2.2
Changes in net operating assets and liabilities:		
(Increase)/decrease in receivables	59.2	41.7
(Increase)/decrease in other assets	(7.2)	6.6
(Increase)/decrease in other financial assets	94.3	(160.0)
Increase/(decrease) in payables	95.6	(1.5)
Increase/(decrease) in provisions	(341.8)	(49.3)
Increase/(decrease) in income tax payable	(42.5)	(0.4)
Increase/(decrease) in other financial liabilities	(60.7)	118.3
Increase/(decrease) in deferred taxes	(10.6)	24.2
Net cash (used in)/provided by operating activities	**(5.5)**	**137.8**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Notes to the financial statements

For the year ended 30 June 2022

9 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Insignia Financial Group provides money, assets, or services directly to a debtor with no intention of selling the receivable. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method if it is held to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

	2022	2021*
	$'m	$'m
Receivables - corporate		
Trade receivables (net of provisions)**	84.1	144.7
Other receivables	184.4	199.9
Ex-ANZ Aligned Licensees (AL) remediation	300.0	285.5
Security bonds	0.3	0.3
Receivables - statutory funds***		
Trade receivables	0.5	0.5
Other receivables	1.4	1.5
Dividends and distributions receivables	53.8	39.7
Loans to policyholders	60.8	66.7
Total receivables	**685.3**	**738.8**
Current	680.9	735.4
Non-current	4.4	3.4
	685.3	**738.8**

*Restated. Refer to Note 27 Acquisition of subsidiary.
**Including nil (2021: $0.6m) held as part of the ORFR on behalf of superannuation funds.
***Refer to Note 31 Statutory funds.

Expected credit loss assessment

As at 30 June 2022, $12.0m trade receivables were past due but not impaired (2021: $10.7m). The amount of the impairment provision was $9.4m (2021: $0.4m).

Collectability of trade receivables is reviewed on an ongoing basis. The Insignia Financial Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Insignia Financial Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Insignia Financial Group's historical experience and informed credit assessment and including forward-looking information.

The Insignia Financial Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Insignia Financial Group in full, without recourse by the Insignia Financial Group to actions such as realising security, or the financial asset is more than 90 days past due. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Insignia Financial Group is exposed to the credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Insignia Financial Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Ex-ANZ AL remediation

The ex-ANZ AL remediation receivable represents an amount payable under an arrangement with the ANZ Banking Group (ANZ). This covers costs incurred and customer compensation paid under the ex-ANZ AL remediation program up to a financial cap.

Notes to the financial statements

For the year ended 30 June 2022

9 Receivables (continued)

Ex-ANZ AL remediation (continued)

The receivable will be net settled with the ex-ANZ AL settlement payable at the conclusion of the program with ANZ. There will be no profit and loss impact or any cash settled on completion which is expected later in calendar year 2022.

Impaired receivables

The amount of the impairment loss is recognised in profit or loss within office support and administration expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Movements in the provisions for impairment of trade receivables	2022	2021
	$'m	$'m
Carrying value at 1 July	0.4	0.6
Provision made / (written back)	9.0	(0.2)
Carrying value at 30 June	**9.4**	**0.4**

Ageing of trade receivables not impaired	2022	2021*
	$'m	$'m
Neither past due nor impaired*	82.0	134.9
Past due 31-60 days	2.9	5.8
Past due 61-90 days	5.9	3.7
Past due 91-120 days	3.2	1.2
Trade receivables not impaired	**94.0**	**145.6**

10 Other financial assets

Other financial assets include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

	2022	2021
	$'m	$'m
Financial assets mandatorily measured at fair value through profit or loss		
Fixed income - corporate*	267.5	237.5
Derivative assets - corporate**	0.3	10.3
Unlisted unit trusts - corporate	1.1	9.3
Unlisted unit trusts - statutory funds***	964.1	1,058.4
Financial assets designated at fair value through other comprehensive income		
Equity investments - corporate	6.8	9.4
Total other financial assets	**1,239.8**	**1,324.9**
Current	1,059.8	1,119.2
Non-current	180.0	205.7
	1,239.8	**1,324.9**

*Held as part of the ORFR on behalf of superannuation funds. The ORFR is not available for distribution to shareholders of the Company.

**Include $0.1m (2021:$0.3m) derivative assets held as part of the ORFR.

***Refer to Note 31 Statutory funds.

Notes to the financial statements

For the year ended 30 June 2022

10 Other financial assets (continued)

Financial assets mandatorily measured at fair value through profit or loss

Financial assets mandatorily measured at fair value through profit or loss (FVTPL) include derivative assets (futures, interest rate swaps and foreign exchange forwards), investments in fixed income securities and investments in unlisted unit trusts.

A financial asset is classified as FVTPL if the associated cash flows are not solely payments of principal and interest.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent fair value changes are recognised in profit or loss.

Financial assets designated at fair value through other comprehensive income

Financial assets designated at fair value through other comprehensive income (FVOCI) are equity securities designated as such upon initial recognition.

Financial assets measured at FVOCI are recognised initially at fair value plus any directly attributable transaction costs and are revalued through other comprehensive income (OCI) at each reporting date. Dividends are recognised in profit or loss unless it clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and will not be reclassified to profit or loss.

Offsetting assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Insignia Financial 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.

11 Property and equipment

	2022	2021
	$'m	$'m
Cost	361.2	260.6
Accumulated depreciation	(153.1)	(114.8)
	208.1	**145.8**

	Office equipment	Leasehold improve-ments	IT assets	Land and buildings	Right-of-use assets	**Total**
	$'m	$'m	$'m	$'m	$'m	$'m
Balance at 1 July 2020	3.0	11.2	20.8	1.5	97.9	134.4
Acquisition through business combination	0.4	-	0.5	-	1.4	2.3
Additions	0.3	-	9.0	-	30.3	39.6
Disposals	-	-	-	-	(1.3)	(1.3)
Depreciation expense	(0.5)	(2.0)	(5.8)	-	(20.1)	(28.4)
Depreciation expense - discontinued	-	-	-	-	(0.8)	(0.8)
Balance at 30 June 2021	**3.2**	**9.2**	**24.5**	**1.5**	**107.4**	**145.8**
Additions	0.7	-	19.6	0.1	96.5	116.9
Disposals	(0.2)	-	-	-	(2.9)	(3.1)
Reduction under sublease	-	-	-	-	(3.1)	(3.1)
Depreciation expense	(1.0)	(1.8)	(11.0)	-	(30.1)	(43.9)
Depreciation expense - discontinued	-	-	-	-	(0.8)	(0.8)
Impairment	-	-	-	-	(1.3)	(1.3)
Reclassification to held for sale	-	-	(0.2)	-	(2.2)	(2.4)
Balance at 30 June 2022	**2.7**	**7.4**	**32.9**	**1.6**	**163.5**	**208.1**

Notes to the financial statements

For the year ended 30 June 2022

11 Property and equipment (continued)

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 divestment of an item of property and equipment is determined by comparing the proceeds from divestment with the carrying amount of the property and equipment and is recognised net within other income/other expenses in profit or loss.

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 Insignia Financial Group. Repairs and maintenance costs are charged to profit or loss as they are incurred.

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 Insignia Financial 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/IT equipment 3-10 years
- leasehold improvements and right of use assets 3-10 years

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

12 Intangible assets (other than goodwill)

	2022	2021*
	$'m	$'m
Cost	1,262.8	1,284.9
Accumulated amortisation	(460.6)	(393.3)
	802.2	**891.6**

*Restated. Refer to Note 27 Acquisition of subsidiary.

	IT develop -ment	Computer software	Customer relationships	Brand names	Other intangibles	Total
	$'m	$'m	$'m	$'m	$'m	$'m
Carrying value at 1 July 2020	2.9	4.2	444.5	58.6	14.9	525.1
Business acquisitions*	-	60.5	249.6	112.6	-	422.7
Additions	1.1	-	-	-	4.5	5.6
Amortisation expense*	(0.8)	(4.3)	(51.6)	(0.8)	(2.3)	(59.8)
Amortisation expense - discontinued	-	-	(2.0)	-	-	(2.0)
Carrying value at 30 June 2021*	**3.2**	**60.4**	**640.5**	**170.4**	**17.1**	**891.6**
Additions	7.8	-	-	-	3.2	11.0
Impairment	-	-	-	-	(1.0)	(1.0)
Amortisation expense	(1.2)	(16.5)	(64.6)	(0.8)	(2.7)	(85.8)
Amortisation expense - discontinued	-	-	(1.8)	-	-	(1.8)
Reclassification to held for sale	-	-	(11.0)	(0.7)	-	(11.7)
Carrying value at 30 June 2022	**9.8**	**43.9**	**563.0**	**168.9**	**16.6**	**802.2**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Notes to the financial statements

For the year ended 30 June 2022

12 Intangible assets (other than goodwill) (continued)

Accounting policies

Intangible assets are non-physical assets used by the Insignia Financial Group to generate revenues and profits. These assets include brand names, software, customer and adviser relationships. The cost of these assets is the amount that the Insignia Financial 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 and brand names with indefinite useful lives, reduces over the number of years the Insignia Financial Group expects to use the asset, the useful economic life, via an annual amortisation charge to profit and loss. The values and useful lives ascribed are reflective of arms-length transactions and independent expert advice thereon.

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 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 are not amortised but are tested for impairment at each reporting date. The estimated useful lives are as follows:

- brand names 20 years
- IT development 3 - 5 years
- computer software 2.5 - 10 years
- other intangibles 5 - 10 years
- customer relationships 10 - 20 years

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

Indefinite life intangible assets (other than goodwill)

The indefinite life intangible assets (other than goodwill) relate to brand names. The aggregate carrying amounts of indefinite-life intangible assets allocated to each CGU are as follows:

	2022	2021*
	$'m	$'m
MLC	98.0	98.0
Shadforth	51.0	51.0
Plum	14.6	14.6
Lonsdale	0.5	0.5
	164.1	**164.1**

*Restated. Refer to Note 27 Acquisition of subsidiary.

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 years over which the brand names are expected to generate net cash inflows for the Insignia Financial Group.

Impairment testing for cash-generating units

For the purposes of impairment testing, intangible assets are allocated to the Insignia Financial Group's cash-generating units (CGUs). These represent the lowest level within the Insignia Financial Group at which the assets are monitored for internal management purposes. Each CGU is not higher than the Insignia Financial Group's operating segments as reported in Note 2 Operating segments.

Impairment testing for the CGUs are detailed in Note 13 Goodwill. Management's assessment of value in use for each CGU supports the value of the intangible asset allocated to the CGU. Any reasonably possible changes to assumptions used in management's assessment is not expected to result in impairment.

Notes to the financial statements

For the year ended 30 June 2022

13 Goodwill

	2022	2021*
	$'m	$'m
Cost*	2,102.2	2,148.6
Accumulated impairment	(297.7)	(297.7)
Net carrying value of goodwill	**1,804.5**	**1,850.9**
Carrying value at 1 July	1,850.9	1,465.5
Acquisition through business combination	-	585.3
Impairment of goodwill	-	(199.9)
Reclassified to held for sale	(46.4)	-
Carrying value at 30 June	**1,804.5**	**1,850.9**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Accounting policies

Goodwill acquired in a business combination is initially measured at cost and subsequently measured at cost less accumulated impairment losses. 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 Insignia Financial Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired.

Cash-generating units (CGUs)

	Goodwill		Brand names with indefinite lives		Pre-tax discount rate	
CGUs	2022	2021*	2022	2021*	2022	2021
	$'m	$'m	$'m	$'m	%	%
Platforms	1,449.7	-	126.2	91.2	13.3%	-
Advice	-	-	7.8	-	12.5%	-
Asset Management	354.8	-	30.1	21.4	13.2%	-
Australian Executor Trustees	-	19.8	-	-	-	16.3%
MLC Wealth**	-	572.7	-	-	-	-
Ex-ANZ Wealth	-	529.2	-	-	-	14.2%
Shadforth	-	316.0	-	51.0	-	14.0%
Platform	-	347.5	-	-	-	14.2%
Investment management	-	39.7	-	-	-	14.0%
DKN	-	1.5	-	0.5	-	16.2%
IOOF Ltd	-	12.0	-	-	-	12.1%
Bridges	-	7.9	-	-	-	15.8%
Wealth Central**	-	4.6	-	-	-	-
	1,804.5	1,850.9	164.1	164.1		
Reclassified to held for sale						
Australian Executor Trustees	46.4	-	-	-	15.1%	-
	1,850.9	1,850.9	164.1	164.1		

*Restated. Refer to Note 27 Acquisition of subsidiary.
**2021 discount rates not applicable for MLC Wealth and Wealth Central CGUs as both were acquired in 2021.

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

Notes to the financial statements

For the year ended 30 June 2022

13 Goodwill (continued)

Cash-generating units (CGUs) (continued)

During the year, the number of CGUs in the Insignia Financial Group has decreased from ten to four following the Insignia Financial Group's organisational restructure. CGUs consist of Platforms, Advice, Asset Management and Australian Executor Trustees consistent with the Insignia Financial Group's operating segments and discontinued operations.

CGU impairment testing

The carrying amount of CGUs (including goodwill) is tested for impairment annually or when there is an indication of impairment. The Insignia Financial Group uses a value in use approach in estimating the recoverable amount of each CGU.

Determination of the recoverable amount of the CGUs requires the application of significant judgement when making assumptions about the future cash flows of each CGU, discount rates and terminal growth rate:

- Estimated future cash flows are based on the 3-year business plan approved by the Board of Directors and an estimated long-term growth rate for years 4 and 5. Average growth rates for the 5-year period are 10% for the platform CGU, 1% for the AET CGU, 3% for the Advice CGU and 17% for the Asset Management CGU;
- Pre-tax discount rates range from 12.5% to 15.1% (2021: 12.1% to 16.3%) for CGUs; and
- A terminal growth rate of 2.5% (2021: 2.0%) is used to derive a terminal value for the period beyond 5-years.

In developing cash flows over the forecasting period, the current economic conditions, the current and expected performance of each CGU and the impacts from the COVID-19 and other macroeconomic conditions were considered.

The impairment assessment results in headroom in each CGU and there is no impairment of goodwill at 30 June 2022. Impairment of $199.9m was recognised in 2021 in relation to goodwill allocated to the previous Shadforth ($115.2m), DKN ($78.8m) and Bridges ($5.9m) CGUs. The impairment primarily reflected reduced profitability in the CGUs due to the termination of the platform relationship with BT Portfolio Services Ltd and the cessation of grandfathered revenue in the advice business.

CGU impairment sensitivity analysis

Other than the Advice CGU, there is no reasonably possible change to a key assumption that would cause the recoverable amount of the CGUs to fall short of the carrying amount.

In relation to the Advice CGU, a change in the following key assumptions could cause the CGU carrying amount to exceed its recoverable amount:

Advice CGU	2022
Changes required for carrying amount to equal recoverable amount	
Increase in pre-tax discount rate	2.6%
Decrease in estimated future cash flows	18.0%

Notes to the financial statements

For the year ended 30 June 2022

14 Payables

	2022	2021
	$'m	$'m
Payables - corporate		
Trade and other payables	204.7	256.0
Ex-ANZ AL settlement	260.4	110.4
Payables - statutory funds*		
Trade and other payables	2.1	5.9
Total payables	**467.2**	**372.3**
Current	465.8	370.3
Non-current	1.4	2.0
	467.2	**372.3**

*Refer to Note 31 Statutory funds.

Ex-ANZ AL settlement

This ex-ANZ AL settlement is backed by a receivable provided under an arrangement with ANZ that has been recognised in Note 9 Receivables. The covers costs incurred and customer compensation paid under the ex-ANZ AL remediation program. The payable balance will be net settled with the ex-ANZ AL remediation receivable at the conclusion of the program with ANZ. There will be no profit and loss impact or any cash settled on completion which is expected later in calendar year 2022.

15 Other financial liabilities

	2022	2021
	$'m	$'m
Financial liabilities measured at fair value through profit or loss		
Deferred purchase consideration - corporate	7.3	23.1
Derivative liabilities - corporate	27.1	40.8
Investment contract liabilities - statutory funds*		
Investment contract liabilities with Discretionary Participation Features (DPF)	154.8	171.8
Other investment contract facilities	919.0	957.0
Total other financial liabilities	**1,108.2**	**1,192.7**
Current	1,082.1	1,144.1
Non-current	26.1	48.6
	1,108.2	**1,192.7**

*Refer to Note 31 Statutory funds.

The Insignia Financial Group initially recognises financial liabilities on the date at which the Insignia Financial Group becomes a party to the contractual provisions of the instrument. The Insignia Financial Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities measured at fair value through profit or loss (FVTPL)

Financial liabilities measured at FVTPL include

- interest rate and foreign exchange rate derivative contracts;
- issued investment protection derivatives;
- a compound embedded derivative; and
- deferred purchase considerations.

Issued investment protection derivatives are term-based investment protection products issued by the Insignia Financial Group. These products provide protection to investors over the investors' capital or a minimum level of income each year for a term of 10 or 20 years.

Notes to the financial statements

For the year ended 30 June 2022

15 Other financial liabilities (continued)

Financial liabilities measured at fair value through profit or loss (FVTPL) (continued)

The compound embedded derivative is associated with the Subordinated Loan Notes issued by the Insignia Financial Group. The host contract is measured at amortised cost and is included in Note 19 Borrowings.

Deferred purchase considerations are liabilities associated with past acquisitions. The value of these liabilities rises and falls depending on performance hurdles achieved during the deferral period specific to each agreement. Performance hurdles may include revenue targets, gross margin targets, funds under management, funds under administration or funds under advice and supervision retention requirements.

Where contingent consideration is due for payment after 12 months, the estimated amount payable is discounted. Assumptions for the discount rate used include pre-tax discount rates in the range of 3-4% which were based on market interest rates upon acquisition of related intangibles.

Liabilities relating to statutory funds

Policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 Life Insurance Contracts, whereas life investment contracts are valued in accordance with AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. There are differences between the valuation requirements of the accounting standards and those of the *Life Insurance Act 1995*.

Insurance contracts

Insurance contracts with a discretionary participation feature ('DPF') 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 year.

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 DPF feature. 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 year, 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.

Notes to the financial statements

For the year ended 30 June 2022

16 Leases

The Insignia Financial Group leases properties for office spaces and advice stores. At the lease commencement date, the Insignia Financial Group recognises a right-of-use asset and a lease liability.

The right of use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are presented in Note 11 Property and equipment.

	2022	2021
	$'m	$'m
Lease liabilities		
Opening balance 1 July	124.9	114.4
Net lease liabilities recognised	91.6	28.7
Payments made	(30.3)	(21.2)
Interest charge	5.5	3.0
Reclassification to held for sale	(2.3)	-
Closing balance 30 June	**189.4**	**124.9**
Current	31.8	21.4
Non-current	157.6	103.5
	189.4	**124.9**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Insignia Financial Group's incremental borrowing rate. The incremental borrowing rate is determined with reference to the following factors:

- length of the lease;
- lessee specific credit risk; and
- secured borrowings adjustment.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Insignia Financial Group's estimate of the amount expected to be payable under a residual value guarantee, if the Insignia Financial Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset or is recorded in profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

Short-term leases

The Insignia Financial Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Insignia Financial Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts recognised in profit or loss

	2022	2021
	$'m	$'m
Income from sub-leases	1.5	1.0
Interest charge	(5.5)	(3.0)
Depreciation charge	(30.1)	(20.1)
Lease expense - short term leases	(12.9)	(1.8)
	(48.5)	**(24.9)**

Notes to the financial statements

For the year ended 30 June 2022

17 Provisions

	2022	2021*
	$'m	$'m
Employee entitlements	195.5	215.2
Advice remediation provisions	196.4	377.2
Product remediation provisions	148.2	296.8
Other provisions	5.6	3.8
	545.7	**893.0**
Current	445.3	793.1
Non-current	100.4	99.9
	545.7	**893.0**

*Restated. Refer to Note 27 Acquisition of subsidiary.

	Employee entitlements	Advice remediation	Product remediation	Other provisions	Total
	$'m	$'m	$'m	$'m	$'m
Balance at 1 July 2020	69.5	432.7	174.7	56.2	733.1
Acquisition through business combination*	91.1	-	164.5	-	255.6
Provisions made/(reversed) during the year	85.2	58.0	27.7	3.9	174.8
Provisions utilised during the year	(30.6)	(113.5)	(70.1)	(56.3)	(270.5)
Balance at 30 June 2021*	**215.2**	**377.2**	**296.8**	**3.8**	**893.0**
Provisions made/(reversed) during the year	71.4	73.2	3.5	10.7	158.8
Provisions utilised during the year	(85.6)	(254.0)	(152.1)	(8.9)	(500.6)
Reclassified to held for sale	(5.5)	-	-	-	(5.5)
Balance at 30 June 2022	**195.5**	**196.4**	**148.2**	**5.6**	**545.7**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Accounting policies

A provision is recognised if, as a result of a past event, the Insignia Financial 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.

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 years 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 Insignia Financial 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.

Notes to the financial statements

For the year ended 30 June 2022

17 Provisions (continued)

Advice remediation provision

In 2019, the Insignia Financial Group engaged an expert consultant to design the review methodology and estimate financial compensation relating to client remediation. This was in response to ASIC's investigation as part of its Wealth Management Project, conducting investigations into financial advice fees paid pursuant to ongoing service arrangements. While Insignia Financial Group was not issued a notice under this review, the Group has a significant number of self-employed and salaried financial advisers and is voluntarily undertaking its own review. The review determines whether fee paying clients under its licenses were: a) provided with agreed services and/or advice; b) supported with documentation evidencing appropriate provision of service and/or advice; and c) received advice appropriate to their circumstances.

Where client compensation is probable and able to be reliably estimated, provisions are raised. Compensation costs include return of service fees, estimated client loss as a result of inappropriate advice, interest for time value of money at ASIC's expected rate of RBA cash rate + 6% and committed costs to resource the compensation program.

$39.6m (2021: $175.1m) of the advice remediation provision is covered by an arrangement with ANZ and an offsetting receivable has been recognised. The provision is reduced by client remediation payments and program costs paid.

Product remediation provision

Product remediation provisions includes remediation projects acquired as part of the MLC acquisition. These remediation projects were commenced under NAB ownership and are a component of the completion net asset process with NAB pursuant to the Share Sale & Purchase Agreement.

During the year, the purchase price allocation relating to the MLC acquisition was finalised. An adjustment of $13.8m was made in relation to product remediation and prior period balance has been restated.

Product remediation provisions are reduced by client remediation payments and program costs paid.

Other provisions

Other provisions have been made for the present value of management's best estimates of legal settlements and other matters. 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 certain other litigation.

Estimation uncertainty

Determining the amount of a provision, which represents management's best estimate of the costs of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted clients, the average refund per client, and associated remediation costs. Consequently, the appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence, and adjustments are made to the provisions where appropriate.

Notes to the financial statements

For the year ended 30 June 2022

Section 4 - Capital management and financing

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

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

18 Capital management

In order to maintain or adjust the capital structure, the Insignia Financial 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 Insignia Financial Group monitors capital on the basis of investment capital, working capital and regulatory capital.

Investment capital

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

- bank deposits and debt note;
- subsidiaries;
- financial assets at fair value through other comprehensive income;
- unit trusts, as investments; and
- Insignia Financial 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. Seed capital is primarily available to support the business in establishing new products and is also used to support capital adequacy requirements of the statutory funds.

Working capital

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

Regulatory capital

Regulatory capital is the capital which the Insignia Financial Group holds to meet minimum legislative and regulatory requirements in respect of its friendly society, issued investment protection products and Australian financial services (AFS) licensed operations. During the year, the Insignia Financial Group has complied with all externally imposed capital requirements.

A number of the Insignia Financial Group's subsidiaries are subject to externally imposed regulatory capital requirements. The Board of each operational subsidiary manages its own capital required to support planned business growth and meet regulatory requirements. These include:

- capital requirements for the Australian Prudential Regulation Authority (APRA) regulated subsidiaries for Registrable Superannuation Entities (RSE) licensees. Specifically, the following ORFR capital requirements apply:

	30 June 2022	30 June 2021
	$'m	$'m
Capital requirements on ORFR		
ORFR target*	461.9	504.2
ORFR held by the RSEs*	401.5	403.3
ORFR held by funds	94.1	93.9
ORFR margin	33.7	(7.0)

*At 30 June 2022, the ORFR held by the RSEs includes $2.9m held as part of the assets of AET discontinued operations. The related ORFR target is $2.2m.

- capital requirements for AFS licenses;
- capital requirements for risks relating to the issued investment protection products; and

	30 June 2022	30 June 2021
	$'m	$'m
Capital requirements on issued investment protection products		
Regulatory capital requirement	13.5	22.1
Cash available to meet the capital requirement	19.8	36.8
Cash surplus	6.3	14.7

- capital adequacy requirements imposed by the *Life Insurance Act 1995* in relation to the statutory funds. Refer to Note 31 Statutory funds.

Regular monitoring of regulatory requirements ensures sufficient capital is available and appropriate planning is made to retain target surpluses to reduce the risk of beaching regulatory capital requirements.

Notes to the financial statements

For the year ended 30 June 2022

18 Capital management (continued)

Insignia Financial Ltd is primarily the provider of equity capital to its subsidiaries. Such investment is funded by Insignia Financial 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 Insignia Financial Ltd, usually by way of dividends.

The syndicated facility agreements are 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.

The Insignia Financial Group's capital risk management strategy was not changed during the year.

19 Borrowings

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

	2022	2021
	$'m	$'m
Syndicated Facility Agreements (SFAs)	589.3	474.5
Subordinated Loan Notes (SLN)	182.0	174.1
Total borrowings	**771.3**	**648.6**
Current	-	-
Non-current	771.3	648.6
	771.3	**648.6**

	SFAs	SLNs	Total
	$'m	$'m	$'m
Opening balance 1 July 2020	457.9	-	457.9
Drawdowns and issuance	591.0	174.1	765.1
Repayments	(575.0)	-	(575.0)
Interest expenses and amortisation of borrowing costs	0.6	-	0.6
Closing balance 30 June 2021	**474.5**	**174.1**	**648.6**
Drawdowns	194.0	-	194.0
Repayments	(80.0)	(2.0)	(82.0)
Interest expenses and amortisation of borrowing costs	0.8	9.9	10.7
Closing balance 30 June 2022	**589.3**	**182.0**	**771.3**

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.

Syndicated Facility Agreements (SFAs)

At 30 June 2022, the SFA consisted of the following facilities:

- $240.0m revolving cash advance facility with a 4-year repayment term and an original expiry date of 27 September 2022. During the year, the Insignia Financial Group extended the maturity date of this facility to 27 September 2023. As at 30 June 2022, $25.0m of this facility is available (30 June 2021: $139.0m available);
- $375.0m revolving cash advance facility with a 5-year repayment term expiring 27 September 2023. As at 30 June 2022, this facility has been fully utilised (30 June 2021: fully utilised); and
- $250.0m revolving cash advance facility with a 5-year repayment term expiring 27 September 2023. As at 30 June 2022, $250.0m of this facility is available (30 June 2021: $250.0m available).

Notes to the financial statements

For the year ended 30 June 2022

19 Borrowings (continued)

Syndicated Facility Agreements (SFAs) (continued)

At 30 June 2022, the SFA facilities had a debt duration profile of approximately 1.2 years (calculated on a facility limit basis) (30 June 2021: 2.0 years).

On 16 August 2022, the Insignia Financial Group entered into a new $955m SFA. The new SFA is supported by six new and existing lenders, comprising:

- a 3-year $340m revolving credit facility;
- a 4-year $290m revolving credit facility;
- a 4-year $270m term loan; and
- a 3-year $55m multi-option facility.

The new facility and structure provides improved flexibility, greater simplicity and improved terms.

Subordinated Loan Notes (SLNs)

SLNs are unsecured subordinated debt obligations issued by the Insignia Financial Group as part of the MLC acquisition in May 2021. For financial reporting purposes, these SLNs contain a host contract and a compound embedded derivative that is required to be recognised separately. The host contract is initially recognised at fair value and subsequently measured at amortised cost, and it will accrete to the face value of the notes using the effective interest rate. The compound embedded derivative is measured at fair value and is included in other financial liabilities.

Key terms are:

- 1% per annum coupon payable semi-annually. Step up to 4% per annum if the noteholders request redemption more than 42 months after the issue date and the Insignia Financial Group does not redeem.
- 5-year term with an early redemption start period of 42 months from completion (31 May 2021).
- Equity linked redemption linked to any uplift in notional securities over a reference price (being a 15% premium to the theoretical ex rights price for the equity offer) and subject to adjustment.
- The Insignia Financial Group is permitted to accelerate redemption after 3 years if the volume weighted average price is at least 150% of the reference price ($4.42) or in case of certain tax changes.
- Holder permitted to accelerate redemption at any time commencing 42 months after the issue date, subject to issuer consent, or upon change in control (acquisition by a person of beneficial ownership of 50% or more of the ordinary voting power of outstanding voting shares or delisting or 15 trading day suspension).

Reconciliation of movements in liabilities to cash flows from financing activities

	Borrowings	
	2022	2021
	$'m	$'m
Opening balance 1 July	648.6	457.9
Changes from financing cash flows		
Repayment of borrowings	(82.0)	(575.0)
Drawdowns	194.0	591.0
Total changes from financing cash flows	**112.0**	**16.0**
Other changes		
SLNs issuance (net settled)	-	174.1
Interest expenses and borrowing costs	10.7	0.6
Closing balance 30 June	**771.3**	**648.6**

Notes to the financial statements

For the year ended 30 June 2022

20 Share capital

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.

	2022	2021
	$'m	$'m
653,860,581 fully paid ordinary shares (2021: 649,324,356)	3,017.2	3,000.6
600,203 treasury shares (2021: 792,719)	(3.6)	(4.6)
	3,013.6	**2,996.0**

	2022		2021	
	No. 'm	$'m	No. 'm	$'m
Ordinary shares				
On issue at 1 July	649.3	3,000.6	351.1	1,970.8
Issue of shares	-	-	298.2	1,043.9
Transaction costs of issuing new shares (net of tax)	-	-	-	(14.3)
Issue of shares pursuant to dividend reinvestment plan	4.6	16.4	-	-
Transfer from employee equity-settled benefits reserve on exercise of performance rights	-	1.2	-	0.6
Treasury shares transferred to recipients during the year	-	(1.0)	-	(0.4)
Ordinary shares on issue at 30 June	653.9	3,017.2	649.3	3,000.6
Treasury shares				
On issue at 1 July	(0.8)	(4.6)	(0.9)	(5.0)
Treasury shares transferred to recipients during the year	0.2	1.0	0.1	0.4
Treasury shares on issue at 30 June	(0.6)	(3.6)	(0.8)	(4.6)
	653.3	**3,013.6**	**648.5**	**2,996.0**

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.

Treasury shares

Shares in the Company which are purchased on-market by the IOOF Equity Plans Trust are classified as treasury shares and are deducted from share capital. Treasury shares are excluded from the weighted average number of ordinary shares used in the earnings per share calculations. The IOOF Equity Plans Trust is controlled by the Insignia Financial Group and is therefore consolidated. Dividends received on treasury shares are eliminated on consolidation.

Dividend reinvestment plan

2022 financial year interim dividend

On 7 April 2022, 4.6 million shares were issued pursuant to the Company's dividend reinvestment plan (DRP) at an issue price of $3.62 per share. A discount of 1.5% was applicable. The take up of the DRP was 21.4%.

Notes to the financial statements

For the year ended 30 June 2022

21 Reserves

	2022	2021
	$'m	$'m
Equity investment revaluation reserve	2.0	2.4
Business combinations reserve	(0.3)	(0.3)
Foreign currency translation reserve	-	0.2
Operating risk financial reserve	2.7	2.7
Share-based payments reserve	0.6	(1.2)
	5.0	**3.8**

Equity investment revaluation reserve

Equity investment revaluation reserve comprises the cumulative net change in fair value of equity securities measured at FVOCI, net of tax.

Business combinations reserve

Business combinations reserve reflects historic acquisitions of non-controlling interests, net of tax.

Foreign currency translation reserve

Foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of the Insignia Financial Group's foreign operations, net of tax.

Operating risk financial reserve

The operating risk financial reserve is held for certain superannuation products that were previously held under Australian Executor Trustees Limited and have been transferred to I.O.O.F. Investment Management Limited as Superannuation Trustee. Other similar reserves exist within the Insignia Financial Group, however these are generally held by the relevant funds.

Share-based payments reserve

The share-based payments reserve arises on the grant of performance rights and share options to executives and senior employees under the employee share plan. Amounts are transferred out of the reserve and into issued capital when the shares are transferred to employees.

22 Commitments and contingencies

Operating lease commitments

Operating lease commitments relate to short-term leases and include short-term leases commencing in future financial reporting periods:

	2022	2021
	$'m	$'m
Within one year	-	13.4
	-	**13.4**

Notes to the financial statements

For the year ended 30 June 2022

22 Commitments and contingencies (continued)

Other commitments

	2022	2021
	$'m	$'m
Guarantees and underwriting commitments		
Rental bond guarantees	27.3	22.0
Other guarantees	0.6	0.4
	27.9	**22.4**

Contingent liabilities

Contingent liabilities of the Insignia Financial Group 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 Insignia Financial 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.

Buyer of last resort facility

Two subsidiaries of the Insignia Financial Group have contractual agreements with its planners to provide a put option "Buyer of Last Resort Facility" should a planner wish to sell their business on the satisfaction of certain specific requirements. The terms and conditions provide that where the specific requirements have been met, a predetermined purchase price will be payable for the business as agreed by all parties over a predetermined period. Where certain terms and conditions have not been met, the predetermined purchase price will be discounted accordingly.

As at 30 June 2022, the Insignia Financial Group had received requests from planners which satisfied requirements to exercise its obligation. The resale value of such businesses purchased may differ from the cost to the Insignia Financial Group. Where confirmation notices have been received, the Insignia Financial Group has a fixed obligation to purchase the businesses at market value, the aggregate value of this fixed obligation is $1.5m (2021: $4.8m).

Class actions and potential regulatory actions

Contingent liabilities of the Insignia Financial Group exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. The Insignia Financial Group is currently defending a civil penalty proceeding in the Federal Court of Australia commenced by ASIC against OnePath Custodians Pty Ltd (OPC) in relation to alleged improper communications to members regarding plan service fees. It is also defending the following class actions:

- an action against the Company in the Federal Court in relation to alleged breaches of the continuous disclosure obligation for not disclosing alleged misconduct;
- an action against OPC (and two companies outside the Insignia Financial Group) in the Federal Court in relation to alleged breaches of trustee obligations regarding the investment of cash investment option funds and the charging of fees relating to commissions;
- an action against NULIS Nominees (Australia) Limited (NULIS) in the Federal Court in relation to alleged breaches of trustee obligations in deciding to grandfather commissions;
- an action against NULIS and MLC Nominees Pty Ltd (MLC Nominees) in the Victorian Supreme Court in relation to alleged breaches of trustee obligations regarding the timing of transfers of accrued default amounts to the MySuper product.

While NULIS and MLC Nominees were acquired from National Australia Bank Ltd (NAB) on 31 May 2021, subject to terms, NAB remains liable for, and retains conduct of, the third and fourth of those class actions outlined above pursuant to the terms agreed between NAB and the Company.

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 is made where appropriate.

Based on the current information available the Insignia Financial 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.

Other remediation matters

There are a number of remediation matters under investigation. The potential outcomes and total costs associated with these matters remain uncertain.

Notes to the financial statements

For the year ended 30 June 2022

Section 5 - Financial risk management

The Insignia Financial Group's activities expose it to a variety of financial and non-financial risks. Financial risks include:

- market risks (including price risk, currency risk and interest rate risk);
- credit risk; and
- liquidity risk.

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 in this section.

Key non-financial risk exposures, such as operational risk and a failure to meet regulatory compliance obligations, are discussed in detail in the Operating and Financial Review section of the Directors' Report.

23 Financial risk management

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 Insignia Financial Group, including a failure to realise opportunities. The Insignia Financial Group's risk management process involves the identification of material risks, assessment of consequence and likelihood, implementation of controls to manage risks, and continuous monitoring and improvement of the procedures in place.

The Insignia Financial Group's objective is to satisfactorily manage its risks in line with the Insignia Financial Group's Risk Management Policy set by the Board, and this aligns to *International Standard ISO 31000*. The Insignia Financial Group's Risk Management Framework manages the risks faced by the Insignia Financial Group, with approaches varying depending on the nature of the risk, through the risk management policies, Risk Management Strategy, Risk Appetite Statement, and tolerances set, approved, and monitored by the Board. The Insignia Financial Group maintains a framework to ensure regulatory compliance obligations are managed in accordance with *Australian Standard 3806 Compliance Programs*. The Insignia Financial Group's exposure to all material risks is monitored by Enterprise Risk and Compliance and this exposure, and emerging risks, are regularly reported to the Risk and Compliance Committee and the Board.

The Insignia Financial 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 Insignia Financial Group's income and operating cash flows.

Impact of COVID-19 and other macroeconomic conditions

In preparing the financial report, the Insignia Financial Group has considered the ongoing impact of COVID-19 and other macroeconomic conditions in its adoption of significant assumptions and market inputs used in:

- valuing the Insignia Financial Group's financial instruments; and
- preparing disclosures for the fair value of financial assets and liabilities and financial risk management.

The Insignia Financial Group has reviewed the appropriateness of inputs to the valuation of financial instruments and the disclosures for the fair value of financial instruments. The fair value of the Insignia Financial Group's financial instruments may have been impacted by a variety of factors arising from changed business conditions as a result of COVID-19. As a general principle, quoted prices in active markets provide the best available evidence of fair value. The Insignia Financial Group's financial instruments are valued using directly observable inputs whenever possible as these are considered to be the most reliable and appropriate evidence of fair value.

Non-financial risks emerging from global inflation hikes, tightening monetary policies, global geopolitical tension and global movement restrictions including remote working for staff, counterparties and service providers have been identified, assessed, managed and governed through timely application of the Company's risk management policies.

Notes to the financial statements

For the year ended 30 June 2022

23 Financial risk management (continued)

Management continues to monitor the impact of global economic uncertainty and further waves of the COVID-19 pandemic to the business environment including ongoing assessment of market risk, credit risk and liquidity risk associated with the business.

Market risk

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 Insignia Financial Group that are impacted by price risk consist of investment in unit trusts measured at FVTPL and investment in equity instruments measured at FVOCI.

Financial instruments measured at fair value are exposed to price risk as the market price fluctuates. 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.

Sensitivity analysis on price risk

At 30 June 2022, had the price of the units or underlying equity exposure held by the Insignia Financial Group in financial instruments measured at FVTPL increased/decreased by 10% (2021: 5%) with all other variables held constant, gains / losses recorded through profit or loss would increase / decrease by $67.6m (2021: $37.9m), and financial assets at FVOCI reserves would increase / decrease by $0.5m (2021: $0.3m).

Currency risk

The Insignia Financial Group's exposure to foreign exchange risk in relation to the financial instruments of its foreign activities is immaterial.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of interest-bearing financial assets measured mandatorily at fair value through profit or loss.

Sensitivity analysis interest rate risk

For interest-bearing financial assets measured at fair value through profit or loss, a +/- 100 basis points (2021: 50 basis points) change in the interest rate at the reporting date would have decreased/increased post tax profit by $3.3m (2021: $2.8m), with all other variables held constant. Equity would have been lower/higher by the same amount.

Credit risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Insignia Financial Group. Credit risk arises for the Insignia Financial Group from cash, receivables, financial assets measured at fair value through profit or loss and financial assets measured at other comprehensive income.

The Insignia Financial 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 Insignia Financial Group. Where investments are held in units in a trust operated by the Insignia Financial 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 Insignia Financial 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 Insignia Financial 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 management.

Notes to the financial statements

For the year ended 30 June 2022

23 Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets. The Insignia Financial Group does not hold any significant collateral as security over its receivables and loans.

The Insignia Financial Group measures concentration of credit risk using Standard & Poor's credit ratings or equivalents:

	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Not rated	Total
30 June 2022	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**
Cash and cash equivalents	-	518.0	-	-	-	**518.0**
Receivables	-	-	-	-	685.3	**685.3**
Other financial assets						
Derivatives assets	0.3	-	-	-	-	**0.3**
Fixed income	33.6	97.0	57.5	79.4	-	**267.5**
Unlisted unit trusts	-	-	-	-	965.2	**965.2**
Equity investment measured at FVOCI	-	-	-	5.0	1.8	**6.8**
Total financial assets	**33.9**	**615.0**	**57.5**	**84.4**	**1,652.3**	**2,443.1**
30 June 2021	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**	**$'m**
Cash and cash equivalents	-	670.7	-	-	-	**670.7**
Receivables	-	-	-	-	738.8	**738.8**
Other financial assets						
Derivatives assets	0.4	9.9	-	-	-	**10.3**
Fixed income	30.8	56.4	79.3	71.0	-	**237.5**
Unlisted unit trusts	-	-	-	-	1,067.7	**1,067.7**
Equity investment measured at FVOCI	-	-	-	5.7	3.7	**9.4**
Total financial assets	**31.2**	**737.0**	**79.3**	**76.7**	**1,810.2**	**2,734.4**

Liquidity risk

Liquidity risk relates to the Insignia Financial Group having insufficient liquid assets to cover current liabilities and unforeseen expenses. The Insignia Financial 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.

In addition, the Insignia Financial Group had access to the following bank borrowing facilities at 30 June 2022:

- $275.0m facilities available under the SFA (2021: $389.0m). The terms of these facilities are described in Note 19 Borrowings; and
- $55.0m (2021: $55.0m) contingent liability facility of which $31.5m was used (30 June 2021: $30.6m).

The liquidity requirements for licensed entities in the Insignia Financial Group are regularly reviewed and carefully monitored in accordance with those licence requirements. The Insignia Financial Group continuously monitors actual and forecast financial results to determine compliance with banking covenants.

Notes to the financial statements

For the year ended 30 June 2022

23 Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the Insignia Financial Group's financial liabilities into relevant maturity groupings based on the remaining years at the balance date to the contractual maturity date. The amounts disclosed therein are the contractual undiscounted cash flows.

	Less than 1 year	1-5 years	5+ year	Total
30 June 2022	**$'m**	**$'m**	**$'m**	**$'m**
Payables				
Trade and other payables - corporate	203.3	1.4	-	204.7
Ex-ANZ AL settlement - corporate	260.4	-	-	260.4
Payables - statutory	2.1	-	-	2.1
Total payables	**465.8**	**1.4**	**-**	**467.2**
Other financial liabilities				
Deferred purchase consideration - corporate	7.3	-	-	7.3
Derivative liabilities - corporate	1.0	25.2	0.9	27.1
Insurance contract liabilities - statutory	154.8	-	-	154.8
Investment contract liabilities - statutory	919.0	-	-	919.0
Total other financial liabilities	**1,082.1**	**25.2**	**0.9**	**1,108.2**
Leasing liabilities				
Leasing liabilities - corporate	38.8	114.1	68.2	221.1
Total leasing liabilities	**38.8**	**114.1**	**68.2**	**221.1**
Borrowings				
Borrowings - corporate	-	771.3	-	771.3
Total borrowings	**-**	**771.3**	**-**	**771.3**
Total cashflows for financial liabilities	**1,586.7**	**912.0**	**69.1**	**2,567.8**
30 June 2021				
Payables				
Trade and other payables - corporate	254.0	2.0	-	256.0
Ex-ANZ AL settlement - corporate	110.4	-	-	110.4
Payables - statutory	5.9	-	-	5.9
Total payables	**370.3**	**2.0**	**-**	**372.3**
Other financial liabilities				
Deferred purchase consideration - corporate	15.2	7.9	-	23.1
Derivative liabilities - corporate	0.1	36.5	4.2	40.8
Insurance contract liabilities - statutory	171.8	-	-	171.8
Investment contract liabilities - statutory	957.0	-	-	957.0
Total other financial liabilities	**1,144.1**	**44.4**	**4.2**	**1,192.7**
Leasing liabilities				
Leasing liabilities - corporate	26.0	88.0	21.6	135.6
Total leasing liabilities	**26.0**	**88.0**	**21.6**	**135.6**
Borrowings				
Borrowings - corporate	-	648.6	-	648.6
Total borrowings	**-**	**648.6**	**-**	**648.6**
Total cashflows for financial liabilities	**1,540.4**	**783.0**	**25.8**	**2,349.2**

Notes to the financial statements

For the year ended 30 June 2022

24 Fair value of financial assets and liabilities

The fair value of financial assets and liabilities 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. Where no quoted prices in an active market exist, the Insignia Financial Group uses valuation techniques to estimate the fair value of financial assets and liabilities.

Fair value of the compound embedded derivative contained in the Subordinated Loan Notes at Note 19 Borrowings is determined using a Monte-Carlo simulation to simulate different scenarios of the underlying equity prices.

For investments in fixed income and derivatives where no quoted prices in an active market exist, valuation techniques using observable market inputs for financial assets with similar credit risk, maturity and yield characteristics are used.

Units in unlisted trusts are measured at the redemption price.

Fair value hierarchy

The fair values of financial assets and liabilities are equal to the carrying amounts shown in the statement of financial position. The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1	Level 2	Level 3	Total
30 June 2022	**$'m**	**$'m**	**$'m**	**$'m**
Financial assets measured at fair value				
FVOCI - corporate	6.8	-	-	6.8
Fixed income - corporate	-	267.5	-	267.5
Derivatives - corporate	0.3	-	-	0.3
Unlisted unit trusts - corporate	-	1.1	-	1.1
Unlisted unit trusts - statutory	-	964.1	-	964.1
	7.1	**1,232.7**	**-**	**1,239.8**
Financial liabilities measured at fair value				
Derivatives - corporate	-	20.6	6.5	27.1
Deferred purchase consideration - corporate	-	6.0	1.3	7.3
	-	**26.6**	**7.8**	**34.4**
30 June 2021				
Financial assets measured at fair value				
FVOCI - corporate	9.4	-	-	9.4
Fixed income - corporate	-	237.5	-	237.5
Derivatives - corporate	0.4	9.9	-	10.3
Unlisted unit trusts - corporate	-	9.3	-	9.3
Unlisted unit trusts - statutory	-	1,058.4	-	1,058.4
	9.8	**1,315.1**	**-**	**1,324.9**
Financial liabilities measured at fair value				
Derivatives - corporate	-	31.8	9.0	40.8
Deferred purchase consideration - corporate	-	19.7	3.4	23.1
	-	**51.5**	**12.4**	**63.9**

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For the year ended 30 June 2022

The definitions of each level and the valuation techniques used are as follows:

Level 1: quoted closing prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Fair values are derived from published market indices and include adjustments to take account of the credit risk of the Insignia Financial Group entity and counterparty.

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

Transfers between levels

There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 30 June 2022 (2021: nil).

Level 3 financial assets and liabilities

Reconciliation of movements in level 3 financial liabilities	Issued investment protection derivatives		Deferred purchase consideration	
	2022	2021	2022	2021
	$'m	$'m	$'m	$'m
Opening balance as at 1 July	9.0	-	3.4	4.8
Acquisition	-	8.5	0.3	1.3
Fair value movement	(2.5)	0.5	-	-
Adjustments to deferred purchase consideration	-	-	(1.6)	(0.8)
Settlement of deferred purchase consideration	-	-	(0.8)	(1.9)
Closing balance as at 30 June	**6.5**	**9.0**	**1.3**	**3.4**

There were no transfers into or out of Level 3 of the fair value hierarchy during the year ended 30 June 2022 (2021: nil).

Level 3 financial liabilities consist of:

- Deferred purchase consideration in respect of client lists purchased by the Insignia Financial Group, which is valued at best estimate of the amount payable under the relevant contracts. The amount of deferred consideration payable is linked to the retention of clients, which is an unobservable input and may decrease the value of the liability.
- Issued investment protection derivatives are term-based investment protection products issued by the Insignia Financial Group. These products provide protection to investors' capital or a minimum level of income each year for a term of 10 or 20 years. These derivatives are measured using market standard valuation models and assumptions. Significant unobservable inputs include the underlying investments' growth rate and the risk-free interest rate assumptions.

  A 1% (-1%) increase (decrease) in the underlying investments' growth rate assumption would result in a decrease (increase) in fair value by $0.6m (2021: $0.1m), holding all other variables constant. A 1% (-1%) increase (decrease) in the risk-free interest rate assumption would result in a decrease (increase) in fair value by $2.5m (2021: $6.7m), holding all other variables constant.

Notes to the financial statements

For the year ended 30 June 2022

Section 6 – Group entities

25 Parent entity financials

As at and throughout the financial year ended 30 June 2022, the parent entity of the Insignia Financial Group was Insignia Financial Ltd (previously IOOF Holdings Ltd).

	2022	2021*
	$'m	$'m
Result of the parent entity		
Profit for the year	283.2	60.9
Total comprehensive income for the year	**283.2**	**60.9**
Financial position of parent entity at year end		
Current assets	70.0	17.4
Total assets	**3,960.4**	**3,705.7**
Current liabilities	37.6	36.0
Total liabilities	**819.9**	**715.5**
Total equity of the parent entity comprising of:		
Share capital	3,017.2	3,000.6
Share-based payments reserve	4.8	3.1
Retained earnings / (Accumulated losses)	**118.5**	**(13.5)**
Total equity	**3,140.5**	**2,990.2**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Parent entity contingent liabilities

Contingent liabilities of Insignia Financial Ltd 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. Insignia Financial Ltd does not consider that the outcome of any other current proceedings, either individually or in aggregate, is likely to materially affect its operations of financial position. Refer to Note 22 Commitments and contingencies for further information.

	2022	2021
	$'m	$'m
Guarantees and commitments		
Rental bond guarantees	1.4	1.6
AFSL guarantee	6.0	-
Other guarantee	0.1	-

Notes to the financial statements

For the year ended 30 June 2022

26 Subsidiaries

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

	Country of incorporation	Ownership interest	
		2022	2021
		%	%
Parent entity			
Insignia Financial Ltd (previously IOOF Holdings Ltd)	Australia		
Material subsidiaries			
Australian Executor Trustees Limited	Australia	100	100
Bridges Financial Services Pty Limited	Australia	100	100
Consultum Financial Advisers Pty Ltd	Australia	100	100
Godfrey Pembroke Group Pty Limited	Australia	100	100
I.O.O.F. Investment Management Limited	Australia	100	100
IOOF Ltd	Australia	100	100
IOOF Equity Plans Trust	Australia	100	100
IOOF Service Co Pty Ltd	Australia	100	100
IOOF Investment Services Ltd	Australia	100	100
Lonsdale Financial Group Limited	Australia	100	100
SFG Australia Limited	Australia	100	100
Financial Acuity Limited	Australia	100	100
Shadforth Financial Group Limited	Australia	100	100
Actuate Alliance Services Pty Ltd	Australia	100	100
Millennium 3 Financial Services Pty Ltd	Australia	100	100
OnePath Custodians Pty Limited	Australia	100	100
OnePath Administration Pty Limited	Australia	100	100
OnePath Investment Holdings Pty Limited	Australia	100	100
Oasis Asset Management Limited	Australia	100	100
Oasis Fund Management Limited	Australia	100	100
Mercantile Mutual Financial Services Pty Limited	Australia	100	100
Global One Alternative Investments Management Pty Ltd	Australia	100	100
OnePath Funds Management Limited	Australia	100	100
MLC Wealth Limited	Australia	100	100
Antares Capital Partners Ltd	Australia	100	100
MLC Asset Management Pty Limited	Australia	100	100
MLC Asset Management Services Limited	Australia	100	100
MLC Investments Limited	Australia	100	100
Navigator Australia Limited	Australia	100	100
NULIS Nominees (Australia) Limited	Australia	100	100

Notes to the financial statements

For the year ended 30 June 2022

26 Group subsidiaries (continued)

Unconsolidated structured entities

The Insignia Financial Group has interests in various structured entities that are not consolidated. An 'interest' in an unconsolidated structured entity is any form of contractual or non-contractual involvement which exposes the Insignia Financial Group to variability of returns from the performance of that entity. Such interests include holdings of seed capital for the purpose of supporting the establishment of new products.

The Insignia Financial Group has investments in managed investment funds through its asset management subsidiaries. Control of these managed investment funds may exist since the Insignia Financial Group has power over the activities of the fund. However, these funds have not been consolidated because the Insignia Financial Group is not exposed to significant variability in returns from the funds. The Insignia Financial Group earns management fees from the management of these investment funds which are commensurate with the services provided and are reported in external management and service fees revenue in Note 3 Revenue. Management fees are generally based on the value of the assets under management. Therefore, the fees earned are impacted by the composition of the assets under management and fluctuations in financial markets.

Investment funds are investment vehicles that consist of a pool of funds collected from several investors for the purpose of investing in securities such as money market instruments, debt securities, equity securities and other similar assets. For all investment funds, the Insignia Financial Group's maximum exposure to loss is $452,822 (2021: $457,687) which is the carrying amount of the investment in the fund.

27 Acquisition of subsidiary

Purchase price allocation for MLC acquisition

The purchase price allocation (PPA) for the MLC business acquired on 31 May 2021 was finalised during the current financial year. The result of this was an increase in identified intangibles acquired, the recognition of amortisation on identified intangibles, the recalculation of goodwill associated with the acquisition and adjustments to related income tax balances. These adjustments have been recognised retrospectively in the comparative reporting period.

	2021 Previous reported	2021 PPA adjustment	2021 Revised
	$'m	$'m	$'m
Purchase consideration	1,446.0	(5.7)	1,440.3
Identifiable assets acquired and liabilities assumed	586.3	281.4	867.7
Goodwill	**859.7**	**(287.1)**	**572.6**

Notes to the financial statements

For the year ended 30 June 2022

27 Acquisition of subsidiary (continued)

	2021 Previous reported	2021 Acquisition accounting	2021 Discontinued operations	2021 Reallocation	2021 Revised
	$'m	$'m	$'m	$'m	$'m
Statement of comprehensive income					
Revenue	1,332.4	-	(40.0)	(5.0)	1,287.4
Expenses	(1,247.6)	0.3	25.1	5.0	(1,217.2)
Impairment expense	(199.9)	-	-	-	(199.9)
Share of losses of associates	(1.0)	-	-	-	(1.0)
Finance costs	(11.1)	-	0.2	-	(10.9)
Loss before tax from continuing operations	(127.2)	0.3	(14.7)	-	(141.6)
Income tax expense	(16.3)	0.6	4.5	-	(11.2)
Loss after tax from continuing operations	(143.5)	0.9	(10.2)	-	(152.8)

	2021 As reported at 31-Dec-21	2021 Acquisition accounting	2021 Revised
	$'m	$'m	$'m
Statement of financial position			
Assets			
Cash	670.7	-	670.7
Receivables	733.4	5.4	738.8
Other financial assets	1,324.9	-	1,324.9
Current tax assets	1.8	(1.1)	0.7
Other assets	20.8	-	20.8
Property and equipment	145.8	-	145.8
Net defined benefit asset	17.2	-	17.2
Associates	37.6	57.5	95.1
Deferred tax assets	118.3	(118.3)	-
Intangible assets	505.5	386.1	891.6
Goodwill	2,147.6	(296.7)	1,850.9
Total assets	**5,723.6**	**32.9**	**5,756.5**
Liabilities			
Payables	372.3	-	372.3
Other financial liabilities	1,192.7	-	1,192.7
Provisions	893.0	-	893.0
Lease liabilities	124.9	-	124.9
Borrowings	648.6	-	648.6
Deferred tax liabilities	-	32.0	32.0
Total liabilities	**3,231.5**	**32.0**	**3,263.5**
Net assets	**2,492.1**	**0.9**	**2,493.0**
Equity			
Share capital	2,996.0	-	2,996.0
Reserves	3.8	-	3.8
Accumulated losses	(507.5)	0.9	(506.6)
Total equity attributable to equity holders of the Company	**2,492.3**	**0.9**	**2,493.2**
Non-controlling interest	(0.2)	-	(0.2)
Total equity	**2,492.1**	**0.9**	**2,493.0**

Notes to the financial statements

For the year ended 30 June 2022

28 Associates

Associates are those entities over which the Insignia Financial Group has significant influence, but not control, over the financial and operating policies.

Details of the Insignia Financial Group's material associates at the end of the reporting period are as follows:

Associate	Year-end	Country of incorporation	Ownership interest		Carrying value		Share of profit/(loss)	
			2022	2021	2022	2021*	2022	2021
			%	%	$'m	$'m	$'m	$'m
Intermede Investment Partners Limited	31-Dec	UK	40.0	40.0	55.4	53.9	8.2	0.5
JANA Investment Advisers Pty Ltd	30-Sep	Australia	45.0	45.0	27.5	26.9	3.8	0.5
Fairview Equity Partners Pty Ltd	30-Sep	Australia	40.0	40.0	4.2	3.1	2.7	(0.7)
Other associates					1.4	11.2	(1.3)	(1.3)
					88.5	**95.1**	**13.4**	**(1.0)**

*Restated. Refer to Note 27 Acquisition of subsidiary.

Intermede Investment Partners Limited ('Intermede') is an institutional global equity fund manager focused on global equity strategy.

JANA Investment Advisers Pty Ltd ('JANA') is an Australian based investment consulting company which provides investment consulting services to institutional clients including corporate, industry and public sector superannuation funds as well as charities, insurers, foundations and endowment funds.

Fairview Equity Partners Pty Ltd ('Fairview') is a boutique Australian Fund manager exclusively focused on investing in Australian small companies' equities.

The following table summarises the 2022 financial information of the Insignia Financial Group's material associates. All fair values and accounting policies of the associates are consistent with those of the Insignia Financial Group.

	Intermede		JANA		Fairview	
	2022	2021	2022	2021	2022	2021
	$'m	$'m	$'m	$'m	$'m	$'m
Beneficial ownership interest	**40%**	**40%**	**45%**	**45%**	**40%**	**40%**
Current assets	22.3	20.5	16.3	15.2	6.5	2.3
Non-current assets	0.5	0.6	12.0	4.5	0.1	0.2
Current liabilities	(8.5)	(8.2)	(14.2)	(13.2)	(0.6)	(0.3)
Non-current liabilities	-	-	(8.5)	(2.1)	-	-
Net assets (100%)	**14.3**	**12.9**	**5.6**	**4.4**	**6.0**	**2.2**
Insignia Financial Group's share of net assets	5.7	5.1	2.5	2.0	2.4	0.9
Intangibles on investment	49.7	48.8	25.0	24.9	1.8	2.2
Carrying value of interest in associates	**55.4**	**53.9**	**27.5**	**26.9**	**4.2**	**3.1**
Revenue (100%)	36.3	2.6	53.8	4.6	11.3	0.6
Profit and total comprehensive income (100%)	20.5	1.2	8.6	1.1	6.7	0.3
Profit and total comprehensive income (% interest)	8.2	0.5	3.8	0.5	2.7	(0.7)
Total profit and total comprehensive income	**8.2**	**0.5**	**3.8**	**0.5**	**2.7**	**(0.7)**
Dividends received by the Group	6.7	-	3.3	-	1.6	-

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

Notes to the financial statements

For the year ended 30 June 2022

28 Associates (continued)

Dividends received from associates

During the year, the Insignia Financial Group has received dividends of $12.0m (2021: $0.2m) from its associates.

Accounting policies

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes any transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Insignia Financial Group's share of the profit or loss and other comprehensive income of the associates, until the date on which significant influence ceases.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

29 Related party transactions

Ultimate parent entity

Insignia Financial Ltd is the ultimate parent entity in the Insignia Financial Group.

Investment in related entities

Through one of its subsidiaries, the Insignia Financial Group (excluding statutory funds) holds $452,822 (2021: $457,687) investments in managed investment schemes that meet the definition of related parties.

Transactions with key management personnel

Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 34 Key management personnel to the financial statements and in the Remuneration Report section of the Directors' Report.

Loans to key management personnel

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

Other transactions with key management personnel of the Insignia Financial Group

There were no other transactions with key management personnel of the Insignia Financial Group during the 2022 and 2021 financial years.

Notes to the financial statements

For the year ended 30 June 2022

30 Discontinued operations

Australian Executor Trustees Limited and AET PAF Pty Ltd

On 26 February 2022, the Insignia Financial Group announced that it was commencing a competitive sales process for the AET businesses, including Australian Executor Trustees Limited and AET PAF Pty Ltd (collectively AET).

AET is a leading provider of professional trustee services in Australia, with over 140 years of experience in providing specialised estate and trustee services. AET has leading capabilities in Native Title, Compensation and Charitable Trusts, Wills and Estates and self-managed super fund administration and portfolio administration services.

On 22 August 2022, the Insignia Financial Group executed a share sale agreement with EQT Holdings Limited (Equity Trustees) to sell 100% of its shares in Australian Executor Trustees Limited and AET PAF Pty Ltd. Consideration for the sale is $135m to be paid in cash on completion. Completion of the transaction is subject to the satisfaction of conditions precedent and is expected to occur by the end of calendar year 2022. The Insignia Financial Group will also provide a number of services to AET, including premises and technology support, under a transitional services agreement.

As part of this transaction, the Insignia Financial Group and Equity Trustees have also entered a Strategic Alliance Agreement (SAA) under which the Insignia Financial Group, subject to best interest duties, will become the preferred supplier of certain Administration and Adviser Platform and Managed Investment Scheme services to AET and Equity Trustees' wealth customers. In addition, AET will become preferred supplier of Charitable Trusts, Small APRA Funds and Wills and Estate services to the Insignia Financial Group's Corporate Superannuation members. A number of Equity Trustees Wealth Services Limited products will also be added to the Insignia Financial Group's Investor Directed Portfolio Services and Superannuation products.

For financial reporting purpose, the results of the AET businesses are presented as discontinued operations.

Analysis of profit for the year from discontinued operations

Revenue, expenses and associated income tax in the financial statements and notes have been restated to a continuing basis, where applicable, and therefore exclude the below results of the discontinued operations.

	2022	2021
	$'m	$'m
Revenue	38.2	40.0
Expenses	(25.1)	(25.3)
Profit before tax from discontinued operations	13.1	14.7
Income tax expenses	(3.9)	(4.5)
Profit after tax from discontinued operations	9.2	10.2
Profit for the year from discontinued operations	**9.2**	**10.2**
Profit from discontinued operations attributable to:		
Owners of the entity	9.2	10.2
Non-controlling interest	-	-
Profit for the year from discontinued operations	**9.2**	**10.2**
Basic earnings per share (cents per share)	1.4	1.7
Diluted earnings per share (cents per share)	1.4	1.7
Cash flows from discontinued operations		
Net cash provided by operating activities	19.1	12.9
Net cash used in financing activities	(0.1)	(0.2)
Net cash provided by discontinued operations	**19.0**	**12.7**
Profit for the year from discontinued operations	**9.2**	**10.2**
Underlying net profit after tax (UNPAT) adjustments:		
Amortisation of intangible assets	1.8	2.0
Deferred tax on amortisation of intangible assets	(0.5)	(0.5)
UNPAT from discontinued operations	**10.5**	**11.7**

Notes to the financial statements

For the year ended 30 June 2022

30 Discontinued operations (continued)

Assets and liabilities of discontinued operations

The Insignia Financial Group estimates that the fair value less costs to sell of the business is higher than the aggregate carrying amount of the related assets and liabilities. No impairment loss has been recognised on reclassification of the assets and liabilities to held for sale as at 30 June 2022.

Major classes of assets and liabilities of the AET businesses at the end of the reporting period are as follows:

	2022
	$'m
Assets	
Cash	12.8
Receivables	3.3
Property and equipment	2.4
Intangible assets	11.7
Goodwill	46.4
Assets classified as held for sale	76.6
Liabilities	
Payables	0.7
Provisions	5.5
Lease liabilities	2.3
Deferred tax liabilities	1.7
Liabilities associated with assets classified as held for sale	10.2
Net assets classified as held for sale	**66.4**

Notes to the financial statements

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31 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 Insignia Financial Group entities. Statutory funds are not available to shareholders.

	Statutory	
	2022	2021
	$'m	$'m
Statutory fund revenue		
Interest income	0.6	0.7
Dividends and distributions received	71.0	50.8
Net fair value (losses)/gains on financial assets measured at fair value through profit or loss	(128.5)	114.1
Investment contracts with DPF		
Contributions received - investment contracts with DPF	6.6	3.4
Decrease in DPF policyholder liability	17.0	15.3
Increase/(Decrease) in non-DPF policyholder liability	38.6	(112.9)
Other fee revenue	2.3	2.4
Total statutory fund revenue	**7.6**	**73.8**
Statutory fund expenses		
Service and marketing fees expense	8.2	8.2
Investment contracts with DPF		
Benefits and withdrawals paid	22.6	19.9
Interest	-	0.1
Total statutory fund expenses	**30.8**	**28.2**
Income tax (benefit)/expense	(23.2)	45.6
Statutory fund contribution to profit or loss, net of tax	-	-

Investment contracts with discretionary participation feature (DPF)

The value of these liabilities change due to the change in unit prices for unit linked contracts, and are reduced 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 reduced by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the members of the funds. 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 claims 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.

Notes to the financial statements

For the year ended 30 June 2022

31 Statutory funds (continued)

Actuarial assumptions and methods

The effective date of the actuarial report on the policy liabilities and capital adequacy reserves is 30 June 2022. The actuarial report for IOOF Ltd was prepared by Mr Andrew Mead, FIAA, dated 8 August 2022. 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 Regulation 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.

Key assumptions

Mortality and morbidity

All mortality and morbidity risk is fully reinsured and the gross risk to the Insignia Financial 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 Insignia Financial Group, 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.

Disclosures on asset restrictions, managed assets and trustee activities

Restrictions on assets

Investments held in life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the *Life Insurance Act 1995* 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.

Managed funds and other fiduciary duties

Entities in the Insignia Financial Group, including the IOOF Ltd statutory 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 Insignia Financial Group.

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 Regulation 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.

Notes to the financial statements

For the year ended 30 June 2022

31 Statutory funds (continued)

The figures in the table below represent the number of times coverage of the aggregate of all statutory funds in IOOF Ltd over the prescribed capital amount.

	Statutory	
	2022	2021
	$'m	$'m
(a) Capital base	15.6	15.1
(b) Prescribed capital amount	7.1	6.1
Capital in excess of prescribed capital amount = (a) - (b)	8.5	9.0
Capital adequacy multiple (%) (a) / (b)	220%	249%
Capital Base comprises:		
Net assets	15.6	15.1
Regulatory adjustment applied in calculation of Tier 1 capital	-	-
(A) Common equity tier 1 capital	15.6	15.1
(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	**15.6**	**15.1**

For detailed capital adequacy information on the statutory funds, users of this annual financial report should refer to the financial statements prepared by IOOF Ltd.

Notes to the financial statements

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Section 7 - Other disclosures

32 Defined benefit plan

The Insignia Financial Group contributes to a post-employment defined benefit plan, the National Wealth Management Superannuation Plan (the plan). The plan entitles employees to receive certain retirement benefits based on a fixed percentage of each employee's annual remuneration and the years of service.

The plan is a sub-plan of the MLC Super Fund. The Trustee of the MLC Super Fund, NULIS Nominees (Australia) Limited, is a subsidiary of the Insignia Financial Group. The Trustee of the MLC Super Fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies of the fund.

The defined benefit plan exposes the Insignia Financial Group to actuarial risks, such as investment risk, salary growth risk, liquidity risk, sequencing risk (due to the plan being closed to new defined benefit members) and legislative risk.

The amount included in the statement of financial position arising from the Insignia Financial Group's obligation in respect of its defined benefit retirement benefit plan is as follow:

	30 June 2022	30 June 2021
	$'m	$'m
Present value of defined benefit obligation	(24.5)	(30.8)
Fair value of plan assets	44.6	48.0
Net surplus arising from defined benefit obligation	**20.1**	**17.2**

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2022	2021
	$'m	$'m
Current service cost	(1.4)	(0.1)
Interest cost	0.2	-
Contribution tax expense	(0.2)	-
	(1.4)	**(0.1)**

Amounts recognised in other comprehensive income are as follows:

	2022	2021
	$'m	$'m
Actuarial gains arising from experience adjustments	3.9	0.7
Movement in contribution tax adjustment	0.5	0.1
	4.4	**0.8**

Notes to the financial statements

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32 Defined benefit plan (continued)

Funding

The plan is fully funded by MLC Wealth Limited (a subsidiary of the Company). In Australia, superannuation is regulated by the Australian Prudential Regulation Authority (APRA). APRA's Prudential Standard SPS 160 Defined Benefit Matters requires the plan's vested benefit index (plan's assets divided by vested benefits) to be no less than 100%. The Trustee of the plan is required to ensure that a formal actuarial investigation is completed at least every 3 years using the projected unit credit method and updated on an annual basis for material movements in the plan position.

Based on the strong financial position of the Plan and the actuary's recommendation, the Insignia Financial Group does not expect to pay contributions to its defined benefit plan in 2023.

Plan assets

Plan assets comprise the following:

	30 June 2022	30 June 2021
	$'m	$'m
Cash and cash equivalents	1.3	2.4
Equity instruments	27.7	34.1
Debt instruments	8.9	7.2
Real estate investment funds	3.6	4.3
Other	3.1	-
Fair value of plan assets	**44.6**	**48.0**

Plan assets are invested into a managed investment portfolio. These investments do not have a quoted market price in an active market.

Movements in the fair value of the plan assets in the year were as follows:

	2022	2021
	$'m	$'m
Opening fair value of plan assets	48.0	-
Acquisition through business combination	-	47.2
Return on plan assets	(1.2)	0.7
Interest on plan assets	0.6	-
Benefits paid	(3.0)	-
Plan expenses	(0.2)	-
Movement in contribution tax adjustment	0.4	0.1
Closing fair value of plan assets	**44.6**	**48.0**

Notes to the financial statements

For the year ended 30 June 2022

32 Defined benefit plan (continued)

Defined benefit obligation

Movements in the present value of the defined benefit obligation in the year were as follows:

	2022	2021
	$'m	$'m
Opening defined benefit obligation	(30.8)	-
Acquisition through business combination	-	(30.7)
Current service cost	(1.4)	(0.1)
Interest cost	(0.4)	-
Actuarial gains arising from experience adjustments	5.1	-
Benefits paid	3.0	-
Closing defined benefit obligation	**(24.5)**	**(30.8)**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	30 June 2022	30 June 2021
Discount rate	4.85%	1.40%
Expected rate of salary increase	3.0%	3.0%
Expected future lifetime at the age of 60		
Male	22.6 years	22.6 years
Female	26.0 years	26.0 years

At 30 June 2022, the weighted-average duration of the defined benefit obligation was 5 years (2021: 5 years). Based on the current assumptions, benefit payments of approximately $5.0m are expected in 2023 followed by further benefits of approximately $10.0m over the next 4 years.

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	30 June 2022	30 June 2022	30 June 2021	30 June 2021
	Increase $'m	Decrease $'m	Increase $'m	Decrease $'m
Discount rate (1% movement)	(1.0)	1.0	(1.6)	1.6
Compensation rate (1% movement)	1.0	(1.0)	1.5	(1.5)
Mortality rate (10% movement)	0.2	(0.2)	0.3	(0.3)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the financial statements

For the year ended 30 June 2022

33 Share-based payments

The Insignia Financial Group operates a number of employee share and option schemes operated by the IOOF Equity Plans Trust (the Trust). The employee share option plans were approved by the Board of Directors.

Executive and Employee Share Option Plan

The Insignia Financial Group has an ownership-based compensation scheme for executives and senior employees.

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.

Options granted under the plan carry no dividend or voting rights. All plans are equity-settled. There were no options granted in 2022 (2021: nil).

Executive Performance Rights Plan

The Executive Performance Rights Plan is the vehicle used to deliver equity based incentives to executives and senior employees of the Insignia Financial Group.

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. All plans are equity-settled.

A mandatory deferral period exists relating to Executive STIs awarded in 2019. On vesting of performance rights, ordinary shares are transferred to the employee's name or held in trust. The employee receives all dividends on the ordinary shares while held in trust.

Deferred Shares

Deferred shares are shares that have vested under an Executive Performance Rights Plan and are held in holding lock for a period of time before being transferred to participants.

	Performance rights	Deferred shares	Total
	No.	No.	No.
Opening balance at 1 July 2021	1,920,143	57,592	1,977,735
Forfeited or lapsed during the year	(220,863)	-	(220,863)
Exercised or transferred during the year	(192,521)	(57,592)	(250,113)
Granted during the year	1,807,232	150,750	1,957,982
Outstanding at 30 June 2022	**3,313,991**	**150,750**	**3,464,741**
Exercisable at 30 June 2022	**-**	**-**	**-**

Notes to the financial statements

For the year ended 30 June 2022

33 Share-based payments (continued)

Disclosure of share-based payment plans

Series - Recipient	Exercise price	Opening balance 1 July 2021	Granted	Forfeited or lapsed	Exercised	Closing balance 30 June 2022
Performance rights						
2019-01 Executives	nil	174,000	-	-	(87,000)	87,000
2019-04 Other employees	nil	41,771	-	-	(41,771)	-
2019-05 Other employees	nil	127,500	-	-	(63,750)	63,750
2020-02 Executives and Others	nil	321,500	-	-	-	321,500
2020-03 Other employees	nil	28,300	-	(1,164)	-	27,136
2021-01 Other employees	nil	69,517	-	-	-	69,517
2021-02 Other employees	nil	271,043	-	-	-	271,043
2021-03 Executives and Others	nil	886,512	-	(45,976)	-	840,536
2022-01 Other employees	nil	-	64,640	-	-	64,640
2022-02 Other employees	nil	-	300,790	(6,320)	-	294,470
2022-03 Executives and Others	nil	-	1,441,802	(167,403)	-	1,274,399
		1,920,143	1,807,232	(220,863)	(192,521)	3,313,991
Deferred shares						
2020-01 Other employees*	nil	57,592	-	-	(57,592)	-
2019-01 Executives	nil	-	87,000	-	-	87,000
2019-05 Other employees	nil	-	63,750	-	-	63,750
		57,592	150,750	-	(57,592)	150,750
		1,977,735	**1,957,982**	**(220,863)**	**(250,113)**	**3,464,741**

*Upon vesting, shares are held in trust for 18 months and may be forfeited in the event of compliance breaches.

There are no options outstanding at 30 June 2022.

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

The grant date fair values 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
2022-01 Other employees	$3.27	$3.69	48%	3	4.74%	1.09%
2022-02 Other employees	$2.56	$3.69	48%	3	4.74%	1.09%
2022-03 Executives and Others	$2.72	$3.62	53%	4	4.83%	1.56%

Notes to the financial statements

For the year ended 30 June 2022

33 Share-based payments (continued)

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

Performance Rights Series - Recipient	Exercise price	Earliest vesting date	Last tranche vesting date	Performance related vesting conditions
2022-03 Executives and other employees	nil	30-Jun-25	30-Jun-25	TSR
2022-02 Other employees	nil	30-Jun-24	30-Jun-24	TSR
2022-01 Other employees	nil	30-Jun-24	30-Jun-24	n/a
2021-03 Executives and other employees	nil	30-Jun-24	30-Jun-24	TSR
2021-02 Other employees	nil	30-Jun-23	30-Jun-23	TSR
2021-01 Other employees	nil	30-Jun-23	30-Jun-23	n/a
2020-03 Other employees	nil	30-Jun-22	30-Jun-22	n/a
2020-02 Executives and other employees	nil	30-Jun-22	30-Jun-22	TSR
2020-01 Other employees*	nil	8-Apr-20	8-Apr-20	n/a
2019-05 Other employees	nil	30-Jun-21	30-Jun-21	TSR
2019-04 Other employees	nil	30-Jun-21	30-Jun-21	n/a
2019-01 Executives	nil	30-Jun-21	30-Jun-21	TSR

*Shares are held in trust for 18 months and may be forfeited in the event of compliance breaches.

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	2022	2021
	$'m	$'m
Chief Executive Officer	0.5	0.4
Executives	0.8	0.6
Other employees	1.6	1.2
	2.9	**2.2**

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 years 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.

The fair value at grant date is independently determined where considered appropriate. The option pricing model used considers 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 Insignia Financial Group has no right to recall placed shares. However, the Group instructs a third party who acts as 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.

Notes to the financial statements

For the year ended 30 June 2022

34 Key management personnel

	2022	2021
	$	$
Short-term employee benefits	6,882,495	5,643,613
Post-employment benefits	210,602	192,030
Share-based payments	1,289,623	1,013,205
	8,382,720	6,848,848

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

	2022	2021
	$	$
Executives	6,988,301	5,945,672
Non-executive Directors	1,394,420	903,176
	8,382,721	6,848,848

Individual Directors' and executives' compensation

Information regarding individual Directors' and executives' compensation and 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 Insignia Financial Group since the end of the prior financial year and there were no material contracts involving directors' interests existing at year-end.

35 Remuneration of auditor

	2022	2021
	$	$
Audit services		
Financial reports - Group	2,958,720	2,949,269
Financial reports - managed funds and superannuation funds	4,873,164	2,331,772
Total audit services	7,831,884	5,281,041
Assurance services		
Regulatory assurance services	2,412,524	2,396,978
Other assurance services	659,162	316,156
Total assurance services	3,071,686	2,713,134
Other services		
Taxation services	113,997	93,288
Consulting services	159,326	-
Transaction advisory services	-	874,698
Debt advisory	-	236,000
Other services	89,688	87,445
Total other services	363,011	1,291,431
Total	11,266,581	9,285,606

The auditor of the Company is KPMG Australia. All amounts payable to the auditor of the Company were paid by an Insignia Financial Group company.

36 Subsequent events

The Directors have declared the payment of a final dividend of 11.8 cents per share, franked to 100% based on tax paid at 30%, to be paid on 29 September 2022.

Sale of Australian Executor Trustees

On 22 August 2022, the Insignia Financial Group executed a share sale agreement with EQT Holdings Limited (Equity Trustees) to sell 100% of its shares in Australian Executor Trustees Limited and AET PAF Pty Ltd. Consideration for the sale is $135m to be paid in cash on completion. Completion of the transaction is subject to the satisfaction of conditions precedent and is expected to occur by the end of calendar year 2022. The Insignia Financial Group will also provide a number of services to AET, including premises and technology support, under a transitional services agreement.

As part of this transaction, the Insignia Financial Group and Equity Trustees have also entered a Strategic Alliance Agreement (SAA) under which the Insignia Financial Group, subject to best interest duties, will become the preferred supplier of certain Administration and Adviser Platform and Managed Investment Scheme services to AET and Equity Trustees' wealth customers. In addition, AET will become preferred supplier of Charitable Trusts, Small APRA Funds and Wills and Estate services to the Insignia Financial Group's Corporate Superannuation members. A number of Equity Trustees Wealth Services Limited products will also be added to the Insignia Financial Group's Investor Directed Portfolio Services and Superannuation products.

Notes to the financial statements

For the year ended 30 June 2022

36 Subsequent events (continued)

Financing

On 16 August 2022, the Insignia Financial Group entered into a new $955m syndicated facility agreement (SFA). The new SFA is supported by six new and existing lenders, comprising:

- a 3-year $340m revolving credit facility;
- a 4-year $290m revolving credit facility;
- a 4-year $270m term loan; and
- a 3-year $55m multi-option facility.

The new facility and structure provides improved flexibility, greater simplicity and improved terms.

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 2022 that has significantly affected, or may significantly affect:

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

Directors' Declaration

For the year ended 30 June 2022

1 In the opinion of the Directors of the Company:

a the consolidated financial statements and notes set out on pages 53 to 116 and the Remuneration Report set out on pages 32 to 51 in the Directors' Report, are in accordance with the *Corporations Act 2001* including:

i giving a true and fair view of the Insignia Financial Group's financial position as at 30 June 2022 and its 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 Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

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

Signed in accordance with a resolution of the Directors:

Mr Allan Griffiths

Chairman

Melbourne

25 August 2022

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Independent Auditor's Report

To the shareholders of Insignia Financial Ltd (previously known as "IOOF Holdings Ltd")

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Insignia Financial Ltd (the Company).

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 30 June 2022
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

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Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of Goodwill and Indefinite life intangible assets
- Accounting for Business Combinations
- Provision for client remediation and related costs
- Information Technology related controls

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill and Indefinite Life Intangible Assets - $1,804.5 million and $164.1 million	
Refer to Note 13 Goodwill and 12 Intangible Assets to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
A Key Audit Matter for us was the Group's annual testing of goodwill and indefinite life intangible assets for impairment, given the size of the balance (being 33% and 3% of total assets respectively) and judgement involved. We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • Forecast operating cash flows, growth rates and terminal growth rates – the Group operates in a period of broader market volatility. These conditions increase the possibility of goodwill and indefinite life intangible assets being impaired, plus the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. • Discount rate - this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU)/intangible is subject to, from time to time, as well as the approach to incorporating risks into the cash flows or discount rates. • Internal reorganisation of CGUs to align to the integrated business operations. The Group uses complex models to perform their annual testing of goodwill and indefinite life intangibles for impairment. The models are largely manually developed, adjusted for historical performance, and use a range of	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the test of goodwill and indefinite life intangibles impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared forecast cash flows contained in value in use models to Board approved forecasts. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We used our knowledge of the Group, its past performance, business and customers, and our industry experience to challenge the Group's forecast cash flows. We compared key events to the approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations and evaluated differences for the Group's operations. • We assessed the appropriateness of the change in CGU composition against the requirements of the accounting standards and evaluated the appropriateness of evidence to support the change.

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internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	• We evaluated the Group's calculation of the carrying amount of each CGU with reference to accounting standards and consistency against the value in use calculation. • We assessed the Group's allocation of corporate assets and costs to CGUs for reasonableness and consistency based on the requirements of the accounting standards. • Working with our valuation specialists, we independently developed a discount rate range using publicly available data for comparable entities, adjusted by risk factors specific to the Group's CGUs and the industry they operate in. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We considered key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. • We assessed the disclosures in the Financial Report using our understanding obtained from our testing, discussions with management and the Board and against the requirements of the accounting standards.

Accounting for Business Combinations	
Refer to Note 27 Acquisition of subsidiary to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group finalised the accounting for the previous year's acquisition of MLC Wealth. We determined that the accounting for business combinations was a Key Audit Matter due to the financial significance of the purchase price considerations, net assets acquired and resultant goodwill arising on the acquisition, as well as the judgement involved in the preliminary Purchase Price Allocation (PPA) calculations.	Working with our valuation specialists, we performed the following procedures: • We considered the objectivity, competence and scope of the Group's external valuation experts. • We agreed the fair value of certain assets acquired to valuation reports prepared by the Group's valuation expert. • We assessed changes to the preliminary fair value of the asset and liabilities acquired as established at 30 June 2021.

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We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	• We evaluated the valuation methodology used to determine the fair value of assets and liabilities acquired, considering accounting standard requirements and observed industry practices. • We assessed the key assumptions in the Group's external valuation expert report prepared in relation to the identification and valuation of customer relationships and other intangible assets, including checking forecast earnings assumptions for consistency with the Group's valuation model used as part of the pre-acquisition due diligence process. • We evaluated the completeness and accuracy of key data inputs used in the valuation of intangible assets prepared by the Group's valuation expert. • We independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We recalculated the goodwill balance recognised as a result of the transaction and compared it to the goodwill amount recorded by the Group. • We evaluated whether the purchase price calculation was performed in accordance with accounting standards. • We assessed the adequacy of disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standard.

Provisions for Client Remediation and Related Costs - $344.6 million	
Refer to Note 17 Provisions to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
The provisions for client remediation and related costs is a Key Audit Matter due to the judgments required by us in assessing the Group's determination of:	Working with our regulatory specialists, our procedures included: • We obtained an understanding of the Group's process for identifying and assessing the

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• The existence of a present legal or constructive obligation as a basis for recognition of a provision against the criteria in the accounting standards. • Reliable estimates of amounts which may be paid arising from the present obligation, including estimates of the number of affected customers, expected average remediation payments and related costs. • The potential for legal proceedings and regulatory scrutiny leading to a wider range of estimation outcomes for us to consider. The Group uses a complex model to estimate the amount which may be paid in future periods. The model is manually developed and uses a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, to address the objectivity of sources used for assumptions, and their consistent application. We involved regulatory specialists to supplement our senior audit team members in assessing this Key Audit Matter.	potential impact of the ongoing assessments into client remediation activities. • We assessed the integrity of the model used, including the accuracy of the underlying calculation formulas. • We inquired with the Group regarding their ongoing assessment into other remediation activities. • We read the minutes and other relevant documentation of the Company's Board of Directors, Board Committees, various management committees, and attended the Company's Audit Committee and Risk and Compliance Committee meetings. • We inspected correspondence with regulatory bodies and reports from management's experts to the Group. • We assessed the scope, objectivity and competency of management's experts engaged by the Group. • We challenged the Group's basis for recognition of a provision and associated costs against the requirements of the accounting standards. We did this by understanding the provisioning methodologies and challenging underlying assumptions including expected average remediation payments and related costs. • We tested a sample of customer files to assess the accuracy of the Group's expected number of affected customers included in the provisions, and where required detriment calculations and payments. • We assessed the appropriateness of the Group's conclusions against the requirements of the accounting standards where estimates were unable to be reliably made for a provision to be recognised. • We assessed the disclosures in the Financial Report using our understanding obtained from our testing, discussions with management and the Board and against the requirements of the accounting standards.

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Information Technology Related Controls	
The Key Audit Matter	**How the matter was addressed in our audit**
The Information Technology (IT) related controls are a Key Audit Matter as the Group's key financial accounting and reporting processes are highly dependent on the automated controls over the Group's IT systems. There is a risk that gaps in the change management, segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place some reliance thereon in our audit. Our audit approach could significantly differ depending on the effective operations of the Group's IT controls. We involved IT specialists to supplement our senior audit team members in assessing this Key Audit Matter.	Working with our IT specialists we challenged the design of General IT controls and sample tested the operation of key controls (in relation to financial accounting and reporting systems) including: • Change management control operation: inspected the Group's change management policies and for a sample of system changes during the year, checked the consistency of the system changes to the Group's policy. • Segregation of duties control operation: sample tested key automated controls designed to enforce segregation of duties. • User access management controls operation: we assessed the Group's evaluation of the user access rights, including privileged user access rights granted to application systems. We checked for evidence of resolution of exceptions. We also assessed the operating effectiveness of management approval controls over the granting and removal of access rights, including privileged access rights. Where we identified design and/or operating deficiencies in the IT control environment, our procedures included the following: • We assessed the integrity and reliability of the systems and data related to financial reporting; and • Where automated procedures were managed by systems with identified deficiencies, we performed test of details and assessed alternate controls that were not reliant on the IT control environment.

Other Information

Other Information is financial and non-financial information in Insignia Financial Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and the Remuneration Report. The remaining other information is expected to include: About IFL, Our Diversified Business Model, Chairman's Commentary, CEO and Managing Directors Commentary, 2022 Results At A Glance, 2022 Strategic Priorities, Environmental, Social &

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Governance Report, IOOF Foundation and Shareholder Information and is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the

Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf.

This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Insignia Financial Ltd for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

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

KPMG

KPMG

Chris Wooden

Partner

Melbourne

25 August 2022

KPMG

Maria Trinci

Partner

Melbourne

25 August 2022