



sureplan
FRIENDLY SOCIETY LTD

Annual Report 2010-2011

For the year 30 June 2011, for presentation and adoption at the 76th Annual General Meeting to be held on Thursday, 10th November 2011.



CORE BUSINESS

To provide low cost funeral funding services (insurance and bonds) by means that are in the best interest in the members.

VISION

To be widely recognised as a successful and ethical provider of quality funeral services to an expanding membership base.

PURPOSE

To provide members' families with the ability to pay up-front funeral costs promptly.

VALUES

Sureplan is committed to:

- delivering value to our members through products
- maintaining the highest standards of integrity
- providing timely and responsive member service
- supporting and developing our people



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Directors' Report

for the year ended 30 June 2011

The Directors of Sureplan Friendly Society Ltd present the report on the Consolidated Entity for the financial year ended 30th June 2011.

DIRECTORS

The name and particulars of the directors of the society in office for the whole of the financial year and up to the date of this report.



John Just PSM B.Bus. FCPA. FAICD

Independent Non-Executive Director

- Qualifications, Experience and Special Responsibilities:
 - Chairman from 3/7/2010
 - Retired Deputy Chief Executive (Resource Management) Queensland Police Service
 - Member of Audit, Due Diligence, Compliance and Risk Management, Investment and Remuneration Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund



Geoffrey Woodcroft

B.Bus. GradCert L & C, M.Leadership

Independent Non-Executive Director

- Qualifications, Experience & Special Responsibilities:
 - Vice President Human Resources, Peabody Energy Australia
 - Member of Audit and Remuneration Committees
- Directors' Meetings attended: 8 of 11
- Fund Membership: Sureplan Family Fund



Jim Walsh LL.B, GAICD

Independent Non-Executive Director

- Qualifications, Experience and Special Responsibilities:
 - Senior Member, Social Security Appeals Tribunal Queensland and Northern Territory
 - Member of Due Diligence, Investment and Compliance and Risk Management Committees
- Directors' Meetings attended: 10 of 11
- Fund Membership: Sureplan Family Fund



William Wendt MBA, FAICD, MIMC, CMAHRI, MIIE

Independent Non-Executive Director

- Qualifications, Experience and Special Responsibilities:
 - Retired CEO Cadet Training and Employment
 - Member of Audit and Remuneration Committees
- Directors' Meetings attended: 8 of 11
- Fund Membership: Sureplan Gold

DIRECTOR / SECRETARY



Mary-Ann Cook B.Bus, GAICD

Non Independent Executive Director

- Qualifications, Experience & Special Responsibilities:
 - Managing Director, Sureplan Friendly Society Ltd,
 - Member of Compliance and Risk Management, Due Diligence and Investment Committees
- Directors' Meetings attended: 11 of 11
- Fund Membership: Sureplan Family Fund

Number of Directors' meetings held during the year - 11

NUMBER OF COMMITTEE MEETINGS HELD DURING THE YEAR AS FOLLOWS: -

Committee Details	No of meetings held	Committee Members	No of meetings attended
Audit (Chairman & 2 Directors)	3	Geoff Woodcroft (Chair)	1
		John Just	3
		William Wendt	3
Compliance & Risk Management (Chairman, Director & Managing Director)	4	John Just	4
		Jim Walsh	4
		Mary-Ann Cook	4
Due Diligence (Chairman, Director & Managing Director)	0	John Just	0
		Jim Walsh	0
		Mary-Ann Cook	0
Investment (Chairman, Director & Managing Director)	5	John Just	5
		Jim Walsh	4
		Mary-Ann Cook	5
Remuneration (Chairman, Director & 2 Directors)	1	John Just	1
		Geoff Woodcroft	1
		William Wendt	0

CORPORATE GOVERNANCE

This statement outlines the main corporate governance practices in place throughout the financial year.

Board of Directors

The Board's primary role is the protection and enhancement of members' benefits.

To fulfil this role, the Board is responsible for the overall corporate governance of the Economic Entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the Company to the Managing Director. Responsibilities are delineated by formal authority delegations.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees. They are:

- Audit
- Compliance & Risk Management
- Investment
- Due Diligence
- Remuneration

These committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has established a framework for the management of the Economic Entity including a system of internal control and a business risk management process.

Director Education

The Economic Entity has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations concerning performance of directors. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Directors' Report (cont.)

for the year ended 30 June 2011

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified advisor at the Economic Entity's expense.

Composition of the Board

The names of the directors of Sureplan Friendly Society Ltd in office at the date of this report, specifying which are independent, are set out in the Director's Report pages 1-3. The composition of the Board is determined using the following principles:

- A minimum of 5 directors with a broad range of expertise
- A majority of independent non-executive directors
- A non-executive independent director as Chairperson
- Enough directors to serve on various committees without overburdening the directors or making it difficult for them to serve.

An independent director is a director who is not a member of management (a non-executive director) and who has not within the last three years been employed in an executive capacity by the Economic Entity. Directors may be considered as independent if they are free from any business or other association that could materially interfere with their independent judgement. The Economic Entity considers that service on the Board for a period greater than 20 years renders a director non independent.

GUARANTEE

In the event of Sureplan Friendly Society Ltd ever being wound up members are subject to a guarantee not exceeding \$2 per member, if liabilities exist.

OBJECTIVES

Short and Long Term Objectives

- To provide quality funeral funding products and services to current and new members, and investigate ways to enhance that service offering;
- To provide timely and responsive service to our members and agents;

- To always comply with APRA's reserving requirements and maintain their confidence in our ability to meet our commitments going forward;
- To ensure the Society's investment strategies are sound, ethical and accord with risk tolerance levels set by the Board;
- To attract, retain and develop quality staff;
- To maintain effective and efficient business systems; and
- To ensure that the Society complies with APRA's prudential standards regarding governance and provides strong strategic direction

Strategy for achieving these Objectives

- Continue to explore ways in which the Internet can expand consumer awareness of our products and services;
- Continue to identify alliance and partnership opportunities;
- Maintain a high level of service delivery with regular review and customer contact;
- Enhance communication with our members;
- Maintain effective control systems to ensure efficiency and cost effectiveness of outputs;
- Regularly review investment strategies to ensure our investments are delivering the required rate of return as per the Board approved Investment Policy; and
- Ensure compliance with regulatory and statutory requirements including Prudential Standards.

Principal Activities during the Year

The principal activities of the Society during the year were as follows:

The management and administration of:

- Sureplan Family Fund
- Sureplan Gold
- Sureplan Body Transportation Funeral Fund

The Society focuses exclusively on the management, development and administration of these funeral funds to ensure that results which are in the best interest of its members are achieved. These best results will be attained through meeting the identified operational and strategic objectives. The achievement of which will ensure the continuing supply of viable, relevant, cost effective funeral funding options to its members.

Likely future developments and expected results

Likely developments in the operations of the Society in subsequent years are as follows: -

- Sureplan Family Fund – as indicated in the Society’s strategic plan the major push into the future will be to increase membership levels and assets by maximising current viable marketing channels and creating new ones.
- Sureplan Gold - like Sureplan Family Fund the major activity into the future will be to increase membership levels and assets.
- Sureplan Body Transportation Funeral Fund – like the other funeral funds the strategy will be to increase membership levels.

Measurement of Performance

The Society has established a rigorous reporting and measurement regime where on monthly and quarterly bases operational results, recruitment levels and strategy are measured against budgeted benchmarks, Business and Strategic plans. Progress toward targets is assessed and any remedial activity is determined. Specific success measures for all strategies have been determined and are incorporated into this regime.

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

Net profit for year

The Operating Profit/Loss of the consolidated entity after income tax amounted to \$64,437 (2010 \$70,027).

General

Overall the Society performed well in 2010/2011. Sureplan Gold again had a very successful year with recruitment numbers meeting budgeted targets and continuing growth in the level of members’ contributions into the fund. The average value of a bond in 2009/2010 was \$3,850 and grew to \$4,071 in 2010/2011. Sureplan Body Transportation Fund, while still a small fund, recruited well above expectations. A major alliance for Sureplan Family Fund was not established in 2010/2011 and a comparison of budget to actual recruitment numbers confirms this. However, increasing the Society’s presence on the internet and ongoing membership communications are continuing to develop into strong, viable marketing channels.

The Society’s investment strategy of matching the duration of assets and liabilities and limiting credit and market risk has again been successful in another economically demanding year. All prudential reserving requirements in all the funds have been met during the year. Sureplan Gold paid a pretax bonus at the rate of 4.7% matching the rate paid in 2009/2010. The return of extreme market volatility in the second half of the year ensured that a bonus was not declared in Sureplan Family Fund but the fund performed well in difficult circumstances and only recorded a small loss due to a negative net movement in the market valuations of assets.

The major operational focus has continued to be the improved marketing of Sureplan’s products resulting in an expansion of the membership data base. Work continued this year on the Sureplan website, www.sureplan.com.au, with our focus still heavily aligned with modern communication channels, the existing agency network and commercial alliances. The success of this focus in Sureplan Gold has continued and while recruitment in Sureplan Family Fund is still a challenge the strategy of increasing member numbers while at the same time decreasing recruitment costs remains a primary focus. Again in 2010/2011 an increased number of recruitments were sourced from the internet for both Sureplan Family Fund and Sureplan Gold and this trend is expected to escalate.

There were no other significant changes in the nature of activities of the Society during the year.

SUREPLAN FAMILY FUND

Despite another volatile year for assets Sureplan Family Fund continued to meet all prudential solvency and capital adequacy requirements. This continuing ability is underpinned by the matching of the members’ benefit liability with the long term, 30 year Treasury Corporation Victoria (TCV) bond.

The fund suffered a small loss in 2010/2011 largely due to a net negative movement during the year in the market valuation of the TCV bond. In 2009/2010 this asset’s value increased by \$4.5 million, in 2010/2011 it decreased by half a million. This continuing volatility in market values goes to underline the reason for the caution being exercised in the allocation of the

Directors' Report (cont.)

for the year ended 30 June 2011

fund's surplus to members. No bonus was declared in 2010/2011 as surpluses are still being retained to ensure that the fund meets all APRA reserving requirements during this continuing cycle of market volatility.

However the maturity bonus, established in recognition of the member's interest in the accruing surplus, was paid in 2010/2011 and will continue in 2011/2012 at the same rate as the previous years'. This bonus is included in the calculation of all Members' benefits paid during the year.

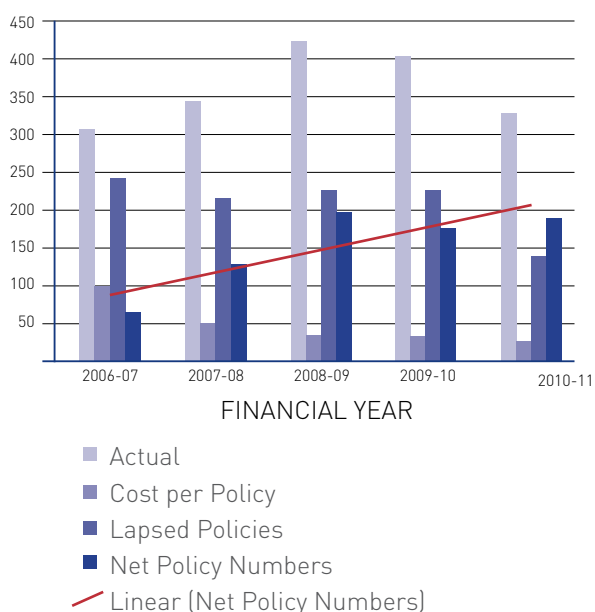


Table 1: SFF Recruitment Figures

Sureplan Family Fund Recruitment

The sale of new policies is still a major challenge for Sureplan Family Fund but the current targeted strategy is a triple pronged approach of increasing membership recruitment numbers, better retention of those new members and lowering the recruitment cost per member. While recruitment was satisfactory in the middle of this decade the cost of recruitment per member was unsustainable and attrition rates were high. As can be seen in the above there is a continuing drop in the cost per recruitment together with a decrease in lapsed policies in 2010/2011.

SUREPLAN GOLD

The fund had another successful year where again both the number of sales and the average investment in Sureplan Gold increased. As in previous years the ongoing growth and maintenance of the funeral director network is still a major focus.

The rate of bonus distribution for the year ending 30 June 2011 was 4.7% despite another difficult financial year. This rate is reflective of the investment strategy of this fund. All funds are invested in AA or AAA rated corporate bonds or fixed interest term deposits with durations that match the liability duration. This matching ensures that prudential reserves are held to a minimum and that all available surplus is allocated in the year it is earned to the members. Surplus of \$ 593,906 was retained to meet prudential reserving and target surplus requirements. Target surplus is an amount of capital additional to a capital benchmark that a life insurance company chooses to hold, given its risk tolerance levels, to allow for adverse future experience.

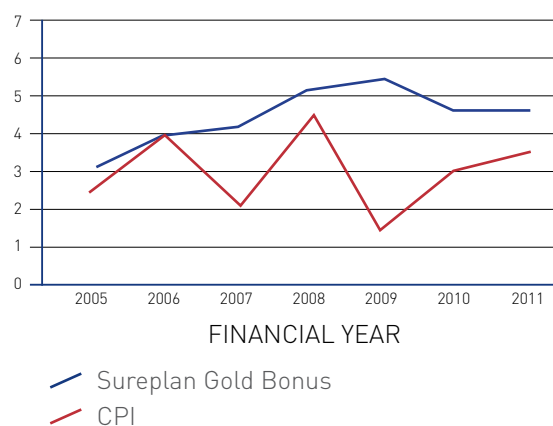


Table 2: Sureplan Gold Bonus / CPI

Sureplan Gold has historically produced returns that both exceed CPI and are reliable and predictable. In 2008/2009 although the financial sector was hit by the World Economic Crisis the fund's investment strategy returned exceptional surpluses to its members. This trend has continued into 2010/2011.

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

This fund has progressed steadily during the year exceeding budgeted levels of recruitment. There was one claim made on this fund during 2010/2011 year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

SIGNIFICANT AFTER BALANCE DATE EVENTS

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected the operations of the Society, the results of those operations or the state of affairs of the Society, in future financial years.

Signed in accordance with a resolution of the Directors



Director

Dated: 27 September 2011

Place: Brisbane

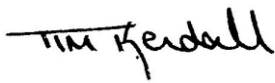
Declaration of Independence

BY T J KENDALL TO THE DIRECTORS OF SUREPLAN FRIENDLY SOCIETY LTD

As lead auditor of Sureplan Friendly Society Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sureplan Friendly Society Ltd and the entities it controlled during the period.



T J Kendall

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 27 September 2011

Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	Economic Entity		Parent Entity	
		2011	2010	2011	2010
		\$	\$	\$	\$
Revenues	2	4,669,684	8,827,724	1,413,997	1,259,716
Expenses	3	(4,593,988)	(8,754,255)	(1,338,301)	(1,186,247)
Profit/(loss) before income tax		75,696	73,469	75,696	73,469
Income tax expense	4	(11,259)	(3,442)	(11,259)	(3,442)
Net profit/(loss)		64,437	70,027	64,437	70,027
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		64,437	70,027	64,437	70,027

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2011

	Note	Economic Entity		Parent Entity	
		2011	2010	2011	2010
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	889,864	700,087	294,245	300,510
Trade and other receivables	6	156,991	104,527	131,112	111,704
Financial assets at fair value through profit and loss	7	54,366,063	47,159,499	592,043	560,723
Inventories	8	1,200	1,213	1,200	1,213
Other current assets	9	18,865	9,535	18,865	9,535
TOTAL CURRENT ASSETS		55,432,983	47,974,861	1,037,465	983,685
NON-CURRENT ASSETS					
Financial assets at fair value through profit and loss	10	18,993,679	19,475,469	-	-
Property, plant and equipment	11	56,172	70,098	56,172	70,098
Intangible assets	12	191,350	137,593	191,350	137,593
Deferred tax assets	13	21,844	23,812	21,662	23,703
TOTAL NON-CURRENT ASSETS		19,263,045	19,706,972	269,184	231,394
TOTAL ASSETS		74,696,028	67,681,833	1,306,649	1,215,079
CURRENT LIABILITIES					
Trade and other payables	14	155,346	198,134	143,914	186,264
Short term provisions	15	113,273	46,273	113,273	46,273
Current tax liabilities	4	63,845	27,024	7,366	4,883
TOTAL CURRENT LIABILITIES		332,464	271,431	264,553	237,420
NON-CURRENT LIABILITIES					
Policy liabilities	28	73,321,468	66,432,743	-	-
TOTAL NON-CURRENT LIABILITIES		73,321,468	66,432,743	-	-
TOTAL LIABILITIES		73,653,932	66,704,174	264,553	237,420
NET ASSETS		1,042,096	977,659	1,042,096	977,659
EQUITY					
Retained earnings		1,042,096	977,659	1,042,096	977,659
TOTAL EQUITY		1,042,096	977,659	1,042,096	977,659

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2011

	Retained Earnings \$	TOTAL \$
ECONOMIC ENTITY		
Balance at 1 July 2009	907,632	907,632
Total comprehensive income for the year		
- Profit for the year	70,027	70,027
- Other Comprehensive income for the year	-	-
Total comprehensive income for the year	70,027	70,027
Balance at 30 June 2010	977,659	977,659
Total comprehensive income for the year		
- Profit for the year	64,437	64,437
- Other Comprehensive income for the year	-	-
Total comprehensive income for the year	64,437	64,437
Balance at 30 June 2011	1,042,096	1,042,096
PARENT ENTITY		
Balance at 1 July 2009	907,632	907,632
Total comprehensive income for the year		
- Profit for the year	70,027	70,027
- Other Comprehensive income for the year	-	-
Total comprehensive income for the year	70,027	70,027
Balance at 30 June 2010	977,659	977,659
Total comprehensive income for the year		
- Profit for the year	64,437	64,437
- Other Comprehensive income for the year	-	-
Total comprehensive income for the year	64,437	64,437
Balance at 30 June 2011	1,042,096	1,042,096

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2011

	Note	Economic Entity		Parent Entity	
		2011	2010	2011	2010
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Members contributions received		8,624,847	7,419,634	-	-
Members claims & withdrawals		(3,686,622)	(3,300,796)	-	-
Receipts from customers		13	39	1,346,879	1,213,123
Payments to suppliers and employees		(1,304,478)	(1,105,485)	(1,266,540)	(1,078,593)
Interest received		2,091,314	1,739,610	18,495	12,682
Income tax paid		(50,735)	(51,340)	(6,057)	(5,837)
Net investment income		(21,090)	(32,061)	-	-
Net cash provided by (used in) operating activities	22	5,653,249	4,669,601	92,777	141,375
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(98,012)	(90,855)	(98,012)	(90,855)
Purchase of investments		(5,365,460)	(4,794,432)	(1,030)	19,818
Net cash provided by (used in) investing activities		(5,463,472)	(4,885,287)	(99,042)	(71,037)
Net increase/(decrease) in cash held		189,777	(215,686)	(6,265)	70,338
Cash at beginning of year		700,087	915,773	300,510	230,172
Cash at end of year	5	889,864	700,087	294,245	300,510

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the *Corporations Act 2001*, and the *Life Insurance Act 1995*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

The financial report covers Sureplan Friendly Society Ltd as the individual parent entity and the combined benefit funds of Sureplan Friendly Society Ltd as an economic entity. Sureplan Friendly Society Ltd is a company limited by guarantee, incorporated and domiciled in Australia. The parent entity financial statements have been included by taking class order relief available under CO 10/654.

The Economic Entity incorporates the following benefit funds:

Sureplan Family Fund

Sureplan Gold Fund

Sureplan Body Transportation Funeral Fund

Sureplan Management Fund

The presentation currency of the financial report is Australian dollars. The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report was authorised for issue on 27th September 2011 by the directors of Sureplan Friendly Society Ltd.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected current assets, non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Sureplan Friendly Society Ltd has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 1 to the financial statements above. All controlled entities have a June financial year end.

All inter-Economic Entity balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

Sureplan Friendly Society Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the ATO that it had formed an income tax consolidated group to apply from 1 July 2006. The tax consolidated group has entered a tax sharing agreement whereby each Economic Entity in the group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of actual costs.

d. Property, Plant and Equipment

Each class of property, plant and equipment is stated at historical cost, including cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less any accumulated depreciation and impairment losses.

- Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight line basis over their useful lives to the economic

entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	16.67% or 20 % Prime cost
Furniture and fittings	7.5% or 20% Prime cost
Computer equipment	16.67% or 25% Prime cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Financial Instruments

- Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

- Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise. Assets in this category are classified as current assets in the Statement of Financial Position if they are expected to settle within 12 months; otherwise they are classified as non-current assets.

- Held-to-maturity investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.
- Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.
- Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.
- Derivative Instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss unless they are designated as hedges.
- Fair value
Fair value for financial instruments traded in active markets is determined based on current bid prices for all quoted investments at the end of the reporting period. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.
- Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

f. Impairment of Assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment

losses are recognised in profit and loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of 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.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

g. Employee Benefits

Provision is made for the Economic Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

h. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Where the effect of the time value of money is material, 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 and, where appropriate, the risks specific to the liability.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

j. Revenue

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

are net of returns, allowances and duties and taxes paid. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised using the effective interest method, using the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. Accounting Standards Issued but not yet effective

There are a number of Australian Accounting Standards that have been issued but are not yet effective. The Economic Entity does not expect any material impact on its financial statements.

n. Intangible Assets

Intangible assets that are acquired by the Economic Entity which have finite lives are measured at cost less accumulated amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

- Amortisation

Amortisation is recognised in profit and loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The amortisation rates used for each class of amortisable assets are:

Class of Fixed Asset	Amortisation Rate
Computer software	16.67 % Prime cost

o. Policy Liabilities Valuation

1) Sureplan Family Fund

- Mortality probabilities of 70% of the Australian Life Tables 2000-02, in line with previous fund mortality experience
- Net discount rate of 3.530% which is based on:

Expected gross investment rate earnings	5.8397%
Expected fund expenses rate	1.000%
Taxation rate	2.20%
Future compound bonuses of	1.203%
Policy liabilities	
Pre 31/12/2002 =	\$19,432,559
Post 31/12/2002 =	\$1,171,530
Future discretionary bonuses	
Pre 31/12/2002 =	\$6,878,854
Post 31/12/2002 =	\$914,797
Maturity Bonus	\$15,000
TOTAL =	\$28,412,740

2) Sureplan Body Transportation Funeral Fund

Liability valuations were calculated as the 99% adequacy estimate assuming 1 in 15 deaths are eligible for funeral transport (occur outside a 70km radius) and that the average cost of transport is \$563

The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of 70% of the Australian Life Tables 2000-02, in line with other benefit fund mortality experience
- Net discount rate of 4.515% which is based on:
 - Expected gross investment rate earnings 5.218%
 - Expected fund expenses rate Expenses provided from surplus at up to 2% of assets plus \$5 p.a. per member

Taxation rate 0.000%

Policy Liabilities = \$14,558, future expenses \$44,506

3) Sureplan Gold Fund

Members' liabilities in this fund have been valued as the present value of all future benefits payable to members' nominees at current account balances. Due to the choice of valuation assumptions, the best estimate of policy liabilities is equal to the sum of members' account balances as at the valuation date.

4) Sureplan Gold Fund Provisional Bonus Allocation

Bonuses allocated to members who have not been a member for greater than 12 months do not vest in the member until 12 months membership is attained.

p. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

For benefit fund actuarial assumptions refer to Note 1.

q. Leases

Lease income from operating leases where the Economic Entity is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 2: REVENUE

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Operating revenue				
- Revenue from Benefit Funds	-	-	1,364,769	1,220,263
- Sale of Goods	13	39	13	39
	13	39	1,364,782	1,220,302
Net Investment income				
- Interest received	2,142,990	1,775,156	18,925	16,715
- Fair value movement of financial assets at fair value through the profit and loss	1,339,012	5,893,774	30,290	22,699
Revenue Component of member contributions	1,077,313	1,067,009	-	-
Other Income	110,356	91,746	-	-
Total Income	4,669,684	8,827,724	1,413,997	1,259,716

NOTE 3: EXPENSES

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Claims Expense	416,451	377,988	-	-
Member Liability Revaluation	1,654,551	4,380,726	-	-
Depreciation of plant and equipment	21,643	20,174	21,643	20,174
Amortisation of computer software	36,538	25,931	36,538	25,931
Net expense resulting in movements in provision for employee entitlements	(10,840)	46,232	(10,840)	46,232
Superannuation contributions expense	53,651	39,963	53,651	39,963
Employment Expenses	579,027	453,599	579,027	453,599
Accommodation Expenses	90,916	86,881	90,916	86,881
Marketing Expenses	347,123	262,237	347,123	262,237
Administration Expenses	259,481	289,788	220,243	251,230
Transfer to Policy Liability	1,145,447	2,770,736	-	-
	4,593,988	8,754,255	1,338,301	1,186,247

NOTE 4: INCOME TAX

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Income tax expense				
Numerical reconciliation of income tax expense to prima facie tax payable.				
Profit before income tax	75,695	73,469	75,695	73,469
Terminated bond funds' share imputation credits	-	136	-	136
	75,695	73,605	75,695	73,605
Prima facie tax/(benefit) on operating profit at 30%	22,708	22,082	22,708	22,082
Management Fees	(409,431)	(366,079)	(409,431)	(366,079)
Allocation of Management Fund expense	(2,068)	(1,319)	(2,068)	(1,319)
Expenses directly allocated	210,196	170,346	210,196	170,346
Management Fund expenses	191,295	185,487	191,295	185,487
Imputation Credits	(347)	(269)	(347)	(269)
Taxable Trust Distributions	9,507	3,222	9,507	3,222
Transfer Society tax credits	(10,601)	(6,940)	(10,601)	(6,940)
Refund overpaid BAS	-	(3,088)	-	(3,088)
Income tax expense	11,259	3,442	11,259	3,442
Tax liabilities				
Provision for Income Tax	63,845	27,024	7,366	4,883

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank (at call interest paid monthly) Effective interest rate 3.83% (2010 2.5%)	889,664	699,887	294,045	300,310
Petty Cash	200	200	200	200
	889,864	700,087	294,245	300,510

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 6: TRADE AND OTHER RECEIVABLES

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Sundry Debtors	-	-	122,596	104,403
Accrued Interest	153,554	101,876	5,079	4,650
Other receivables	3,437	2,651	3,437	2,651
	156,991	104,527	131,112	111,704

There are no balances within trade and other receivables that contain assets that are impaired or past due

NOTE 7: FINANCIAL ASSETS

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
a. FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS				
Other Managed Public Securities at fair value	47,118,288	41,467,066	372,086	341,796
Term Deposits (30 to 365 days duration at market rates weighted average interest rate of 6.36% (5.28% year 2010) at fair value.	6,897,743	5,329,005	219,957	218,927
Cash Enhanced Funds at fair value.	350,032	363,428	-	-
	54,366,063	47,159,499	592,043	560,723
Maturity Analysis				
Not longer than 3 months	21,249,810	19,360,550	592,043	541,796
Longer than 3 months but not longer than 6 months	6,654,521	-	-	-
Longer than 6 months but not longer than 1 year	1,600,000	7,721,259	-	18,927
Longer than 1 year but not longer than 2 years	15,030,940	7,723,050	-	-
Longer than 2 year but not longer than 5 years	9,830,792	12,354,640	-	-
	54,366,063	47,159,499	592,043	560,723
b. DISCLOSURE BASED ON THE 3 LEVEL FAIR VALUE HIERARCHY				
	2011	2010		
	\$	Level 1	\$	Level 1
Economic Entity				
Financial Assets at fair value through profit and loss	54,366,063	54,366,063	47,159,499	47,159,499
Parent Entity				
Financial Assets at fair value through profit and loss	592,043	592,043	560,723	560,723

Included within Level 1 of the hierarchy are listed investments or at call term deposits. The fair value of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

NOTE 8: INVENTORIES

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Finished goods at cost	1,200	1,213	1,200	1,213

NOTE 9: OTHER CURRENT ASSETS

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Prepaid Expenses	18,865	9,535	18,865	9,535

NOTE 10: LONG TERM FINANCIAL ASSETS

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
a. FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	\$	\$	\$	\$
State Government Treasury Bonds at fair value	18,993,679	19,475,469	-	-
b. DISCLOSURE BASED ON THE 3 LEVEL FAIR VALUE HIERARCHY	2011	2010	2011	2010
	\$	Level 2	\$	Level 2
Economic Entity				
State Government Treasury Bonds at fair value.	18,993,679	18,993,679	19,475,469	19,475,469

Maturity October 2035, face value \$75.3 million zero coupon. In valuing unlisted investments, included in level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair value of these investments.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Plant & equipment at cost	290,942	283,225	290,942	283,225
Accumulated depreciation	(234,770)	(213,127)	(234,770)	(213,127)
Net carrying value	56,172	70,098	56,172	70,098
Movements in plant & equipment				
Opening balance	70,098	68,938	70,098	68,938
Additions	7,717	21,334	7,717	21,334
Depreciation	(21,643)	(20,174)	(21,643)	(20,174)
Closing Balance	56,172	70,098	56,172	70,098

NOTE 12: INTANGIBLES

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Computer Software	386,771	296,476	386,771	296,476
Accumulated amortisation	(195,421)	(158,883)	(195,421)	(158,883)
Net carrying value	191,350	137,593	191,350	137,593
Movements in Software				
Opening balance	137,593	94,003	137,593	94,003
Additions	90,295	69,521	90,295	69,521
Amortisation	(36,538)	(25,931)	(36,538)	(25,931)
Closing Balance	191,350	137,593	191,350	137,593

NOTE 13: DEFERRED TAX ASSETS

Deferred tax assets comprise temporary differences attributable to:	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Allocation of Management Fund expenses	13,061	13,897	13,061	13,897
Accrued income at end of reporting period	(2,242)	(1,893)	(1,524)	(1,395)
Accrued expenses at end of reporting period	900	607	-	-
Sureplan Gold Members Tax Credits	10,125	11,201	10,125	11,201
	21,844	23,812	21,662	23,703

Sureplan Gold Members Tax Credits were incurred in 2003 and 2004 and are payable on the maturity of the associated bonds.

NOTE 14: TRADE AND OTHER PAYABLES

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade account payables	16,235	18,263	9,406	12,041
Sundry creditors and accruals	114,613	77,533	110,010	71,885
Accrued employee benefits	24,498	102,338	24,498	102,338
	155,346	198,134	143,914	186,264

Contractual cash flows from trade and other payables are equal to their carrying amounts. Trade and other payables are all contractually due within 6 months of year end. Provision for Director's Retirement was reported in Accrued employee entitlement in 2009/2010. In 2010/2011 it is reported in Short Term Provisions.

NOTE 15: SHORT TERM PROVISIONS

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Provision for employees Long Service Leave	58,273	46,273	58,273	46,273
Provision for Directors' Retirement Benefit	55,000	-	55,000	-
	113,273	46,273	113,273	46,273
Movements in provisions for Directors' Retirement Benefit				
Opening balance	72,000	36,000	72,000	36,000
Withdrawals	(72,000)	-	(72,000)	-
Additions	55,000	36,000	55,000	36,000
Closing Balance	55,000	72,000	55,000	72,000

The Society has 4 employees at 30/6/2011 (2010:4) Provision for Director's Retirement was reported in Accrued employee entitlement in 2009/2010 and was valued at \$72,000

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 16: AUDITORS' REMUNERATION

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	30,250	25,410	30,250	25,410
- taxation services	10,995	10,670	10,995	10,670
	41,245	36,080	41,245	36,080

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits		Post employment benefit		Total
	Salary & Fees	Bonus	Other	Long-term Benefits Superannuation	
2011 Total Compensation	491,061	-	112,175	53,651	656,887
2010 Total Compensation	451,115	-	-	39,963	491,078

There are no other transactions with Key Management Personnel

NOTE 18: LEASE COMMITMENTS PAYABLE

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Lease commitments payable due within the following time band:				
- Less than 1 year	91,473	87,117	91,473	87,117
- Greater than 1 year but less than 5 years	348,334	394,261	348,334	394,261
- Greater than 5 years	-	45,546	-	45,546
	439,807	526,924	439,807	526,924

Lease commitments are for accommodation at Ground Floor, 133 Leichhardt St, Spring Hill

NOTE 19: RELATED PARTY INFORMATION

a. Directors

Directors in office during the financial year were:

John Just (Chairman)
Geoffrey Woodcroft
James Walsh
Mary-Ann Cook (Executive Director)
William Wendt

b. Transactions with directors

The directors, as members, made contributions to Sureplan Family Fund during the current and prior year, which are trivial in nature and within normal member relationships on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the director at arm's length in the same circumstances.

c. Controlled entities

Management fees are received from Sureplan Family Fund, Sureplan Gold and Sureplan Body Transportation Funeral Fund in accordance with the benefit fund rules. Detail of the management fee income brought to account is disclosed in Note 2. Sureplan Friendly Society Ltd is the ultimate parent entity.

NOTE 20: CONTINGENT LIABILITIES

The Society has a loan facility of \$267,738 (2010 \$200,000) in place with the Commonwealth Bank as required under an agreement for access to the bank's PDC (Direct debit) system. This facility has not been used.

NOTE 21: PRINCIPAL PLACE OF BUSINESS

Sureplan Friendly Society Ltd is a non-listed public company, incorporated in Australia, with its registered Office and principal place of business Ground Floor, 133 Leichhardt Street, Spring Hill, Qld. Principal activities of the company are the management of three benefit funds.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 22: CASH FLOW INFORMATION

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX				
Net Profit/(Loss)	64,437	70,027	64,437	70,027
Depreciation/ Amortisation	58,181	46,106	58,181	46,106
Increase/(decrease) in receivables	(52,463)	(35,689)	(18,332)	(11,212)
Increase/(decrease) in other current assets	(9,329)	819	(9,329)	819
(Increase)/decrease in inventories	13	25	13	25
(Increase)/decrease in accounts payable	35,051	29,516	35,490	22,614
Transfer to provision for employee entitlements	(10,840)	42,855	(10,840)	42,855
Transfers to tax provisions	38,790	(10,447)	3,447	(7,160)
Movement in Investment property	-	-	-	-
Revaluation Investments	(1,359,316)	(5,925,692)	(30,290)	(22,699)
Movement in Member Liability	6,888,725	10,452,081	-	-
Net cash from operating activities	5,653,249	4,669,601	92,777	141,375

NOTE 23: EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected the operations of the Society, the results of those operations or the state of affairs of the Society.

NOTE 24: MEMBER'S GUARANTEE

In the event of Sureplan Friendly Society Ltd ever being wound up members are subject to a guarantee not exceeding \$2.00 per member, if liabilities exceed assets.

NOTE 25: FINANCIAL RISK MANAGEMENT

The Economic Entity has exposure to credit risk, liquidity risk and market risk through its transactions in a range of financial instruments including:

- Cash assets;
- Term deposits;
- Government and Commercial Paper; and
- Units in managed trusts.

This note presents information about the Economic Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and the oversight of the risk management framework. The Board has established the Compliance and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Economic Entity, to set appropriate risk limits and controls, and to monitor risk and adherence to limits.

The Economic Entity's Audit Committee oversees how management monitors compliance with the Economic Entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Economic Entity. The Audit Committee is assisted in its oversight by Internal Audit. Internal audit is an outsourced function that undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is defined as the risk of a counterparty default. For the Economic Entity it arises from default by financial institutions. The maximum exposure to credit risk at reporting date is represented by the carrying amount of the company's financial assets.

To mitigate this risk Investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is monitored by the Investment Committee and compliance reported to the Board. The Board limits all investments in cash and short term securities to issuers with a credit rating equal to or greater than P2 (Moody's Investor Services) or A2 (S&P Australian Ratings).

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Liquidity Risk

Liquidity risk is the risk that the Economic Entity will not be able to meet its financial obligations as they fall due. The key risk is that liquid funds will not be available to meet funeral benefits as members die.

To mitigate this risk Investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is to be monitored by the Investment Committee and compliance reported to the Board. The Managing Director is to include the estimated member liability in the Balance Sheet of the Fund's monthly report so that any material mismatch in the assets and liabilities can be identified. The Solvency and Capital Adequacy Requirements of the prudential standards must be complied with at all times.

However, the current level of contributions is sufficient to fund benefits from cash flow at present.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT.)

Market Risk

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

The Society has no direct material exposure to market risk other than interest rate risk. The Society is indirectly exposed to equity price risk and has elected to disclose information in relation to this.

Interest Rate Risk

The Economic Entity is not exposed to interest rates on borrowings but is susceptible to fluctuations in interest rates on cash and cash equivalents and on investments. Unfavourable fluctuations in the market value of investments impacts directly on the performance of individual member's investments with the Society. This may have adverse effects on the Society's ability to attract new members/investment in its products.

To mitigate this risk Investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is monitored by the Investment Committee and compliance reported to the Board. The primary goal of the Economic Entity's investment strategy is to maximize investment return for its members while minimising risk, given the investment profile of each fund's members. Management is assisted by external advisors in this regard.

Current interest rate exposure is as follows:

- Fixed Interest Rate \$45.9 million
- Floating Interest Rate \$9.91 million

Interest Rate Risk Sensitivity Analysis

At 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
CHANGE IN PROFIT	\$	\$	\$	\$
Increase in interest rate by 1%	21,430	17,752	2,940	3,003
Decrease in interest rate by 1%	(21,430)	(17,752)	(2,940)	(3,003)

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT.)

Equity Price Risk

The Economic Entity has exposure to equity markets through its investments in units in managed trusts. The key risk is that fluctuations in equity values will result in the Economic Entity not being able to meet prudential solvency and capital adequacy requirements.

To mitigate this risk investments are to be made in accordance with the Benefit Fund rules and the Investment Policy approved by the Board for each fund. This is to be monitored by the Investment Committee and compliance reported to the Board. The Investment Policies restrict exposure to equity markets to those funds whose liability duration matches equity duration and volatility cycles. A strategic investment of \$15.5 million in Treasury Corporation of Victoria, zero coupon, 30 year bonds was made to offset the volatility of equity price risk.

If the ASX 200 were to decline by 10% the Society's listed investments would decline by \$1,753,679

If the ASX 200 were to increase by 10% the Society's listed investments would increase by \$1,753,679

Capital Risk Management

The Society considers its capital to consist of its accumulated retained earnings.

In managing its capital, the Society's primary objective is to ensure its continued ability to provide a consistent return for its members through a combination of capital growth and bonus allocation.

This policy balances risk and returns at an acceptable level and also maintains a sufficient funding base to enable the Society to meet its working capital and strategic investment needs.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 26: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts, fair values and face values of our financial assets are shown below:

ECONOMIC ENTITY	As at 30 June 2011		As at 30 June 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	\$	\$	\$	\$
Term Deposits	6,897,743	6,897,743	5,329,005	5,329,005
Commercial Paper	29,931,532	29,931,532	26,225,216	26,225,216
Government Paper	18,993,679	18,993,679	19,475,469	19,475,469
Units in Managed Trusts	17,536,788	17,536,788	15,605,278	15,605,278

PARENT ENTITY	As at 30 June 2011		As at 30 June 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	\$	\$	\$	\$
Term Deposits	219,957	219,957	218,927	218,927
Units in Managed Trusts	372,086	372,086	341,796	341,796

The carrying amounts and fair values of our financial liabilities are shown below:

ECONOMIC ENTITY	As at 30 June 2011		As at 30 June 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	\$	\$	\$	\$
Policy Liabilities	73,321,468	73,321,468	66,432,743	66,432,743

a) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

Notes to the Financial Statements (cont.)

for the year ended 30 June 2011

NOTE 28: BENEFIT FUND SUMMARY FOR THE YEAR ENDED 30 JUNE 2011

	Sureplan Family Fund	Sureplan Gold	Sureplan BTFF	All Benefit Funds
BENEFIT FUND ALLOCATED SURPLUS				
Value of Policy Liabilities (start of period prior to surplus allocation)	26,762,377	29,476,559	10,370	56,249,306
Allocation of surplus as at previous reporting date	-	941,698	-	941,698
Liability component of contributions	-	7,547,534	-	7,547,534
Withdrawals	-	(3,179,116)	-	(3,179,116)
Allocation of surplus	-	1,103,799	-	1,103,799
Actuarial revaluation	1,650,363	-	4,188	1,654,551
Member's Tax Credit	-	10,125	-	10,125
Value of Policy Liabilities(end of period)	28,412,740	35,900,599	14,558	64,327,897
BENEFIT FUND PROFIT AND LOSS				
Net investment income	1,436,651	1,993,606	2,530	3,432,787
Revenue component of contributions	1,044,313	-	33,000	1,077,313
Other income	110,355	-	-	110,355
Fees to management fund	(676,751)	(668,171)	(19,847)	(1,364,769)
Claims expense	(415,311)	-	(1,139)	(416,450)
Members liability revaluation	(1,650,363)	-	(4,188)	(1,654,551)
Other expenses	(17,434)	(17,646)	(4,158)	(39,238)
Income tax expense	-	(278,615)	-	(278,615)
Profit/loss after tax	(168,540)	1,029,174	6,198	866,832
Unallocated Surplus (start of period)	8,523,698	668,531	38,309	9,230,538
Surplus allocated to members	-	(1,001,762)	-	(1,001,762)
Provisional allocation to members	-	(102,037)	-	(102,037)
Unallocated Surplus (end of period)	8,355,158	593,906	44,507	8,993,571
Total Member Funds (Value of Policy Liabilities plus Unallocated Surplus)				73,321,468
BENEFIT FUND BALANCE SHEET SUMMARY				
Net Assets (Total Member Funds)	36,767,898	36,494,505	59,065	73,321,468
Other Liabilities	68,584	241,077	15,981	325,642
Total Assets	36,836,482	36,735,582	75,046	73,647,110
Solvency Requirement (SR)	29,085,168	29,174,188	66,321	58,325,677
Ratio of SR to Gross Assets	78.96%	79.42%	88.37%	79.20%

Directors' Declaration

The directors of Sureplan Friendly Society Ltd declare that:

- a) The accompanying financial statements are in accordance with the *Corporations Act 2001* and:
 - i. comply with Accounting Standards and the Corporations Regulations 2001;
 - ii. give a true and fair view of the financial position for the year ended 30 June 2011 and the performance for the year ended on that date; and
 - iii. comply with International Financial Reporting Standards as disclosed in note 1.
- b) The allocation and distribution of the surplus of the benefit funds of the company have been made in accordance with Division 5 of Part 4 of the *Life Insurance Act 1995* and the benefit fund rules of each fund; and
- c) No assets of any benefit fund have been applied or invested in contravention of the Act; and
- d) As at the date of the statement, there are reasonable grounds to believe that the company and each of its benefit funds, will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors



Director

Dated: 27 September 2011

Place: Brisbane

Independent Auditor's Report

To the members of Sureplan Friendly Society Ltd

Report on the Full Financial Report

We have audited the accompanying financial report of Sureplan Friendly Society Ltd (the Friendly Society), which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year the ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Friendly Society and the consolidated entity comprising the Friendly Society and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Friendly Society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Friendly Society, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Sureplan Friendly Society Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Friendly Society's and consolidated entity's financial positions as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

BDO Audit (QLD) Pty Ltd

BDO


T J Kendall
Director

Brisbane, 27 September 2011

SUREPLAN FAMILY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	30-Jun-11	30-Jun-10
INVESTMENT INCOME			
Interest		37,524	29,626
Changes in net market values	4	1,419,430	6,004,573
TOTAL INVESTMENT INCOME		1,456,954	6,034,199
Direct investment expense		20,304	31,918
NET INVESTMENT INCOME		1,436,650	6,002,281
Revenue component of member contributions		1,044,313	1,047,259
Other Income	5	110,356	91,746
TOTAL INCOME		2,591,319	7,141,286
OPERATING EXPENSES			
Fees to management fund	11	676,751	636,187
Claims expense		415,311	372,387
Member liability revaluation		1,650,363	4,378,973
Other expenses	2	17,434	18,981
TOTAL OPERATING EXPENSES		2,759,859	5,406,528
OPERATING PROFIT/LOSS BEFORE INCOME TAX		(168,540)	1,734,758
Income Tax Expense	3	0	0
OPERATING PROFIT/LOSS AFTER INCOME TAX		(168,540)	1,734,758
Other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME		(168,540)	1,734,758
Unallocated Surplus or Deficiency at the beginning of the reporting period		8,523,698	6,788,940
Transfers to/from management fund		0	0
TOTAL AVAILABLE FOR ALLOCATION		8,355,158	8,523,698
Allocated to members		0	0
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		8,355,158	8,523,698

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED 30 JUNE 2011

	Note	30-Jun-11	30-Jun-10
ASSETS			
Cash and Cash Equivalents	6	93,984	53,055
Trade and other receivables	7	134,117	107,915
Financial Assets	8	36,608,381	35,188,951
TOTAL ASSETS		36,836,482	35,349,921
LIABILITIES			
Trade and other payables	9	68,584	63,846
TOTAL LIABILITIES		68,584	63,846
NET ASSETS		36,767,898	35,286,075
MEMBERS FUNDS			
Value of Policy Liabilities	10	28,412,740	26,762,377
Unallocated Surplus/Deficiency		8,355,158	8,523,698
TOTAL BENEFIT FUND MEMBERS' FUNDS		36,767,898	35,286,075

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by members of the company which has been drawn up in accordance with the *Life Insurance Act 1995*. The directors have determined that the fund is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

- AASB 1031: Materiality
- AASB 110: Events after the Balance Sheet Date
- AASB 101: Presentation of Financial Statements
- AASB 108: Accounting Policies, Changes in Accounting and Errors

No other Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: recognition and Measurement of Financial Instruments. Derivatives are also categorized as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise

b) Interest Rate Risk

The fund is not exposed to any material risk from interest rates. Financial Assets and Liabilities disclosed in the accounts are non interest bearing except as otherwise disclosed.

c) Financial Assets and Liabilities

The carrying amount of Financial Assets and Liabilities recorded in the financial statements are disclosed at net fair values as determined by reference to expected future net cash flows.

d) Credit Risk Exposure

The maximum credit risk exposure of Financial Assets is represented by the carrying amounts of assets recognised in the Statement of Financial Position net of any provision for losses. The fund does not have any significant concentrations of credit risk with any single counterparty or group of counterparties.

e) Receivables

Receivables represent the principal amounts due at balance date less, where applicable, any provision for doubtful debts.

f) Income Recognition

Rental income is brought to account when due under the terms of the lease. Trust distributions are brought to account when the right to receive the distribution is established.

g) Depreciation of Property, Plant and Equipment Investments in properties are not depreciated.

h) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus where applicable any accrued interest.

i) Policy Liabilities Valuation

- Mortality probabilities of 70% of the Australian Life Tables 2000-02, in line with previous fund mortality experience
- Net discount rate of 3.530% which is based on:
 - Expected gross investment rate earnings 5.839%
 - Expected fund expenses rate 1.000%
 - Taxation rate 2.20%

Future compound bonuses of 1.203%

Policy liabilities

Pre 31/12/2002 = \$19,432,559

Post 31/12/2002 = \$1,171,530

Future discretionary bonuses

Pre 31/12/2002 = \$6,878,854

Post 31/12/2002 = \$914,797

Maturity Bonus \$15,000

TOTAL = \$28,412,740

NOTE 2: OTHER EXPENSES

	30-Jun-11	30-Jun-10
Actuary & Valuation Fees	9,968	11,193
Bank fees & taxes	4,564	4,634
Stamp Duty	2,902	3,154
	17,434	18,981

NOTE 3: INCOME TAX

TAX EFFECT OF POLICIES SOLD POST 31/12/2002 INCOME TAX EXPENSE

The amount provided in respect of income tax differs from the amount prima facie payable on operating surplus. The difference is reconciled as follows:

	30-Jun-11	30-Jun-10
Operating Surplus before tax	(168,540)	1,734,758
Prima facie tax on operating profit at 30%	(50,562)	520,427
Add tax effect of permanent differences (exempt income)	50,562	(520,427)
Income tax attributable to operating surplus	0	0

NOTE 4: CHANGES IN NET MARKET VALUE

SECURITIES HELD AT REPORTING DATE:		
State Government Treasury Bonds	(481,790)	4,534,795
Other public securities	1,901,220	1,469,778
	1,419,430	6,004,573

NOTE 5: OTHER INCOME

Transfer of unused franking credits	110,356	91,746
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NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank (At call, interest paid monthly) (Effective interest rate of 4.5% (2010 2.5%))	93,984	53,055
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NOTE 7: TRADE AND OTHER RECEIVABLES

Accrued Income	134,117	107,915
	134,117	107,915

NOTE 8: FINANCIAL ASSETS

	30-Jun-11	30-Jun-10
Units in Managed Investment	17,164,702	15,263,482
Term Deposits	450,000	450,000
Effective interest rate 2011 7% (2010 7%)		
State Government Treasury Bonds - held to maturity	18,993,679	19,475,469
	36,608,381	35,188,951
Maturity Analysis		
Not longer than 3 months	17,614,702	15,263,482
Longer than 1 year but less than 2 years	0	450,000
Maturity October 2035 Face Value \$75.3 million	18,993,679	19,475,469
	36,608,381	35,188,951
Disclosure based on the 3 level Fair Value hierarchy		
Financial Assets at fair value through profit and loss		
Level 1	17,614,702	15,713,482
Level 2	18,993,679	19,475,469
	36,608,381	35,188,951

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on closing quoted bid prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to the fair values of these investments.

NOTE 9: TRADE AND OTHER PAYABLES

	30-Jun-11	30-Jun-10
Sundry creditors	68,584	63,846

NOTE 10: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	26,762,377	22,383,404
Revaluation of liabilities by actuarial review	1,650,363	4,378,973
Allocation of surplus during the year	0	0
Balance/ liability at the end of the period	28,412,740	26,762,377

NOTE 11: TRANSFER TO OR FROM MANAGEMENT FUND

	30-Jun-11	30-Jun-10
Fees transferred to the management fund in accordance with benefit fund rules	676,751	636,187

NOTE 12: SOLVENCY REQUIREMENT

Solvency Requirement in accordance with Actuarial Standard 2.03	29,085,168	29,482,549
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NOTE 13: AUDITOR'S REMUNERATION

Auditors remuneration is incurred by the management fund. No remuneration is paid by the benefit fund.

SUREPLAN GOLD FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	30-Jun-11	30-Jun-10
INVESTMENT INCOME			
Interest		2,084,010	1,721,862
Changes in net market values		(90,404)	(101,580)
TOTAL INVESTMENT INCOME		1,993,606	1,620,282
TOTAL INCOME			
		1,993,606	1,620,282
OPERATING EXPENSES			
Fees to management fund	9	668,171	568,023
Other expenses	2	17,646	13,552
TOTAL OPERATING EXPENSES		685,817	581,575
OPERATING PROFIT/LOSS BEFORE INCOME TAX			
		1,307,789	1,038,707
Income Tax Expense	3	278,615	195,544
OPERATING PROFIT/LOSS AFTER INCOME TAX		1,029,174	843,163
Other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME		1,029,174	843,163
Unallocated Surplus or Deficiency at the beginning of the reporting period			
		668,531	767,066
Transfers to/from management fund		0	0
TOTAL AVAILABLE FOR ALLOCATION		1,697,705	1,610,229
Allocated to members		1,001,762	857,582
Provisional Allocation to members		102,037	84,116
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		593,906	668,531

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	30-Jun-11	30-Jun-10
ASSETS			
Cash and Cash Equivalents	4	481,797	337,957
Trade and other receivables	5	135,850	85,466
Financial Assets	6	36,117,935	30,845,541
TOTAL ASSETS		36,735,582	31,268,964
LIABILITIES			
Trade and other payables	7	241,077	170,975
TOTAL LIABILITIES		241,077	170,975
NET ASSETS		36,494,505	31,097,989
MEMBER FUNDS			
Value of Policy Liabilities	8	35,900,599	30,429,458
Unallocated Surplus/Deficiency		593,906	668,531
TOTAL BENEFIT FUND MEMBERS' FUNDS		36,494,505	31,097,989

The accompanying notes form part of these financial statements.

NOTE 1 : SUMMARY OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by members of the company which has been drawn up in accordance with the *Life Insurance Act 1995*. The directors have determined that the fund is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 1031: Materiality

AASB 110: Events after the Balance Sheet Date

AASB 101: Presentation of Financial Statements

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

No other Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of Accounting

Assets and Liabilities are measured at fair value as at the reporting date. Any revaluation increment or decrement that arises as a result of the valuation of assets and liabilities is included as revenue or expense in the Statement of Comprehensive Income.

b) Interest Rate Risk

The fund is not exposed to any material risk from interest rates. Financial Assets and Liabilities disclosed in the accounts are non interest bearing except as otherwise disclosed.

c) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: recognition and Measurement of Financial Instruments. Derivatives are also categorized as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise

d) Credit Risk Exposure

The maximum credit risk exposure of Financial Assets is represented by the carrying amounts of assets recognised in the Statement of Financial Position net of any provision for losses. The fund does not have any significant concentrations of credit risk with any single counterparty or group of counterparties with the exception of funds invested with recognized financial institutions

e) Receivables

Receivables represent the principal amounts due at balance date less, where applicable, any provision for doubtful debts.

f) Accounts payable

Accounts payable represent the principal amounts outstanding at balance date plus where applicable any accrued interest.

g) Financial Assets

Term deposits and Corporate Bonds are recorded at fair value. Realised and unrealised gains and losses are included in the income statement in the period in which they arise.

h) Income Recognition

Interest income is brought to account on an accrual basis.

i) Policy Liabilities Valuation

Members' liabilities in this fund have been valued as the present value of all future benefits payable to members' nominees at current account balances. Due to the choice of valuation assumptions, the best estimate of policy liabilities is equal to the sum of members' account balances as at the valuation date.

j) Provisional Bonus Allocation

Bonuses allocated to members who have not been a member for greater than 12 months do not vest in the member until 12 months membership is attained.

NOTE 2: OTHER EXPENSES

	30-Jun-11	30-Jun-10
Actuary Fees	3,912	2,767
Bank Fees & Taxes	3,486	5,279
Legal Fees	10,248	5,506
	17,646	13,552

NOTE 3: INCOME TAX

TAX EFFECT OF BONDS SOLD POST 31/12/2002.

INCOME TAX EXPENSE

The amount provided in respect of income tax differs from the amount prima facie payable on operating surplus. The difference is reconciled as follows:

Operating Surplus	1,307,789	1,038,707
Prima facie tax on operating profit at 30%	392,337	311,612
Add tax effect of Permanent differences (exempt income)	(113,722)	(116,068)
Income tax attributable to operating surplus	278,615	195,544

NOTE 4: CASH AND CASH EQUIVALENTS

	30-Jun-11	30-Jun-10
Cash at bank (At call, interest paid monthly, weighted average effective interest rate of 4.5%)[2010 2.5%]	481,797	337,957

NOTE 5: TRADE AND OTHER RECEIVABLES

Accrued Interest	135,850	85,466
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NOTE 6: FINANCIAL ASSETS

Corporate Bonds (weighted effective average interest rate of 6.41%)[2010 6.07%]	29,931,532	26,225,216
Term Deposits (weighted effective average interest rate of 6.30%)[2010 6.24%]	6,186,403	4,620,325
	36,117,935	30,845,541

Maturity Analysis		
Not longer than 3 months	3,001,682	3,515,519
Longer than 3 months but not longer than 6 months	6,654,521	0
Longer than 6 months but not longer than 12 months	1,600,000	7,702,332
Longer than 1 year but not longer than 2 years	15,030,940	7,273,050
Longer than 2 years but not longer than 3 years	2,560,400	8,715,900
Longer than 3 years but not longer than 4 years	7,270,392	3,638,740
	36,117,935	30,845,541

Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss Level 1	36,117,935	30,845,541
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Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

NOTE 7: TRADE AND OTHER PAYABLES

Sundry Creditors	184,598	148,832
Provision for Income Tax	56,479	22,143
	241,077	170,975

NOTE 8: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	30-Jun-11	30-Jun-10
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period prior to surplus allocation (excluding tax credits)	29,476,559	24,815,274
Allocation of surplus as at previous reporting date	857,582	818,722
Allocation of Provisional Bonus previous year	84,116	108,077
Liability component of contributions	7,547,534	6,352,626
Withdrawals	(3,179,116)	(2,618,140)
Member's Tax Credits	10,125	11,201
Balance/liability at the end of the period prior to annual allocation	34,796,800	29,487,760
Proposed allocation of surplus (annual)	1,103,799	941,698
Balance/liability at the end of the period	35,900,599	30,429,458

NOTE 9: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	668,171	568,023
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NOTE 10: SOLVENCY REQUIREMENT

Solvency Requirement in accordance with Actuarial Standard 2.03	29,174,188	25,133,323
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NOTE 11: AUDITOR'S REMUNERATION

Auditors remuneration is incurred by the management fund. No remuneration is paid by the benefit fund.

SUREPLAN BODY TRANSPORTATION FUNERAL FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	30-Jun-11	30-Jun-10
INVESTMENT INCOME			
Interest		2,530	1,671
TOTAL INVESTMENT INCOME		2,530	1,671
Revenue Component of member contributions		33,000	19,750
TOTAL INCOME		35,530	21,421
OPERATING EXPENSES			
Fees to management fund	9	19,847	12,939
Claim Expenses		1,139	5,600
Other expenses	2	4,158	3,324
Member liability revaluation		4,188	1,753
TOTAL OPERATING EXPENSES		29,332	23,616
OPERATING PROFIT/LOSS BEFORE INCOME TAX		6,198	(2,195)
Income Tax Expense	3	0	0
OPERATING PROFIT/LOSS AFTER INCOME TAX		6,198	(2,195)
Other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME		6,198	(2,195)
Unallocated Surplus or Deficiency at the beginning of the reporting period		38,309	40,504
Transfers to/from management fund		0	0
TOTAL AVAILABLE FOR ALLOCATION		44,507	38,309
Allocated to members		0	0
UNALLOCATED SURPLUS OR DEFICIENCY AT THE END OF THE REPORTING PERIOD		44,507	38,309

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	30-Jun-11	30-Jun-10
ASSETS			
Cash and Cash Equivalents	4	19,838	8,564
Trade and other receivables	5	13,304	10,041
Financial Assets	6	41,384	39,753
Tax Assets	10	520	447
TOTAL ASSETS		75,046	58,805
LIABILITIES			
Trade and other payables	7	15,981	10,126
TOTAL LIABILITIES		15,981	10,126
NET ASSETS		59,065	48,679
MEMBER FUNDS			
Value of Policy Liabilities	8	14,558	10,370
Unallocated Surplus/Deficiency		44,507	38,309
TOTAL BENEFIT FUND MEMBERS' FUNDS		59,065	48,679

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by members of the company which has been drawn up in accordance with the *Life Insurance Act 1995*. The directors have determined that the fund is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 1031: Materiality

AASB 110: Events after the Balance Sheet Date

AASB 101: Presentation of Financial Statements

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

No other Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International financial Reporting Standards.

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of Accounting

Assets and Liabilities are measured at net market values as at the reporting date. Any revaluation increment or decrement that arises as a result of the valuation of assets and liabilities is included as revenue or expense in the Statement of Comprehensive Income

b) Interest Rate Risk

The fund is not exposed to any material risk from interest rates. Financial Assets and Liabilities disclosed in the accounts are non interest bearing except as otherwise disclosed.

c) Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

d) Credit Risk Exposure

The maximum credit risk exposure of Financial Assets is represented by the carrying amounts of assets recognised in the Statement of Financial Position net of any provision for losses. The fund does not have any significant concentrations of credit risk with any single counterparty or group of counterparties with the exception of funds invested with recognised financial institutions.

e) Receivables

Receivables represent the principal amounts due at balance date less, where applicable, any provision for doubtful debts.

f) Accounts payable

Accounts payable represent the principal amounts outstanding at balance date plus where applicable any accrued interest.

g) Financial Asset

Term deposits are recorded at fair value. Realised and unrealised gains and losses are included in the income statement in the period in which they arise.

h) Income Recognition

Interest income is brought to account on an accrual basis.

i) Policy Liabilities Valuation

Liability valuations were calculated as the 99% adequacy estimate assuming 1 in 15 deaths are eligible for funeral transport (occur outside a 70km radius) and that the average cost of transport is \$563.

The methodology above has been carried out with the following valuation assumptions:

- Mortality probabilities of 70% of the Australian Life Tables 2000-02, in line with other benefit fund mortality experience
- Net discount rate of 4.515% which is based on:

Expected gross investment rate earnings	5.218%
Expected fund expenses rate Expenses provided from surplus at up to 2.000% of assets plus \$5 p.a. per member.	
Taxation rate	0.000%
Policy Liabilities =	\$14,558
future expenses	\$44,506

NOTE 2: OTHER EXPENSES

	30-Jun-11	30-Jun-10
Actuary Fees	3,912	2,767
Other Expenses	30	412
Stamp Duty	216	145
	4,158	3,324

NOTE 3: INCOME TAX

TAX EFFECT OF POLICIES SOLD POST 31/12/2002

INCOME TAX EXPENSE

The amount provided in respect of income tax differs from the amount prima facie payable on operating surplus. The difference is reconciled as follows:

Operating Surplus	6,198	(2,195)
Prima facie tax on operating profit at 30%	1,859	(658)
Add tax effect of permanent differences (exempt income)	(1,859)	658
Income tax attributable to operating surplus	0	(0)

NOTE 4: CASH AND CASH EQUIVALENTS

	30-Jun-11	30-Jun-10
Cash at bank (At call, interest paid monthly, weighted average effective interest rate of .55%)(2010 .40%)	19,838	8,564

NOTE 5: TRADE AND OTHER RECEIVABLES

Sundry Debtors	10,910	8481
Accrued Interest	2,394	1,560
	13,304	10,041

NOTE 6: FINANCIAL ASSETS

Term Deposits (weighted effective average interest rate of 6.05%)(2010 4.05%)	41,384	39,753
Maturity Analysis Not longer than 3 months	41,384	39,753
Disclosure based on the 3 level Fair Value hierarchy Financial Assets at fair value through profit and loss Level 1	41,384	39,753

NOTE 7: TRADE AND OTHER PAYABLES

Trade Creditors	15,643	9,791
Provision for Income Tax	338	335
	15,981	10,126

NOTE 8: TRANSFERS TO OR FROM VALUE OF POLICY LIABILITIES

	30-Jun-11	30-Jun-10
MEMBERS LIABILITIES		
Balance/liability at the beginning of the period	10,370	8,617
Revaluation of Liabilities by actuarial review	4,188	1,753
Allocation of surplus during the year	0	0
Balance/liability at the end of the period	14,558	10,370

NOTE 9: TRANSFERS TO OR FROM MANAGEMENT FUND

Fees transferred to the management fund in accordance with benefit fund rules	19,847	12,939
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NOTE 10: TAX ASSETS

Deferred Tax Asset	520	447
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NOTE 11: TAX ASSETS

Solvency Requirement in accordance with Actuarial Standard 2.03	66,321	22,674
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NOTE 12: AUDITOR'S REMUNERATION

Auditors remuneration is incurred by the management fund. No remuneration is paid by the benefit fund.

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