

Guild Retirement Fund

Financial Statements For the year ended 30 June 2023

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**Guild Retirement Fund
Statement of Financial Position
As at 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Assets			
Cash and cash equivalents	13(b)	36,445	31,582
Receivables	10	2,588	2,603
Investments	5	2,791,980	2,344,940
Deferred tax asset	12(e)	-	10,989
Total Assets		2,831,013	2,390,114
Liabilities			
Creditors and accruals	11	3,379	3,566
Current tax liabilities	12(d)	11,099	6,435
Deferred tax liabilities	12(e)	10,149	-
Total Liabilities Excluding Member Liabilities		24,627	10,001
Net Assets available for Member Benefits		2,806,386	2,380,113
Member benefits	7(a)	2,768,362	2,346,523
Total Net Assets		38,024	33,590
Equity			
Operational risk financial reserve	8	7,716	7,218
Contingency reserve	8	5,213	4,358
Amounts not yet allocated		25,095	22,014
Total Equity		38,024	33,590

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements

**Guild Retirement Fund
Income Statement
For the year ended 30 June 2023**

		2023	2022
	Note	\$'000	\$'000
Superannuation Activities			
Interest		790	18
Trust Distributions		176,754	110,164
Net changes in fair value of investments	6	115,283	(300,735)
Fee rebates		6,050	6,713
Total Superannuation Activities Revenue/(Loss)		298,877	(183,840)
Expenses			
Direct investment expenses		6,942	6,303
General administration expense	15(c)	14,060	14,045
Bank charges		54	46
Total Expenses		21,056	20,394
Profit from operating activities		277,821	(204,234)
Less: Net benefits allocated from/(to) member accounts		(246,816)	184,716
Net operating result before income tax		31,005	(19,519)
Income tax expense/(benefit)	12(a)(b)	26,571	(34,704)
Operating result after income tax		4,434	15,185

Income Statement is to be read in conjunction with the notes to the financial statements

Guild Retirement Fund
Statement of Changes in Member Benefits
For the year ended 30 June 2023

		2023	2022
	Note	\$'000	\$'000
Opening balance of members' liabilities		2,346,523	2,401,499
Contributions Received			
Employer contributions		303,070	244,936
Member contributions		26,450	31,215
Government co-contributions		290	278
Transfers in		44,158	36,141
		<u>373,968</u>	<u>312,570</u>
Income tax on contributions	12(c)	47,334	38,451
Net after tax contributions		<u>326,636</u>	<u>274,119</u>
Benefits paid			
Lump sum payments		(33,422)	(24,431)
Transfers to other funds		(110,783)	(113,296)
Pensions paid		(1,884)	(1,533)
Net Benefits paid		<u>(146,089)</u>	<u>(139,260)</u>
Insurance			
Insurance premiums charged to member		(13,475)	(13,078)
Death and disability benefits credited to members		5,929	5,997
Tax benefit from insurance deductions	12(c)	2,021	1,962
Net Insurance cost		<u>(5,525)</u>	<u>(5,119)</u>
Benefits allocated to members' accounts, comprising			
Investment earnings applied to members		255,919	(180,619)
Administration fees paid by members		(9,103)	(4,097)
Net benefit allocated to members' accounts		<u>246,816</u>	<u>(184,716)</u>
Closing balance of members' liabilities	7(a)	<u>2,768,362</u>	<u>2,346,523</u>

Statement of Changes in Member Benefits is to be read in conjunction with the notes to the financial statements.

**Guild Retirement Fund
Statement of Changes in Equity
For the year ended 30 June 2023**

	Operational risk reserve \$'000	Contingency reserve \$'000	Amounts not yet allocated \$'000	Total Equity \$'000
Year ended 30 June 2023				
Opening balance	7,218	4,358	22,014	33,590
Transfer out of reserves	250	705	-	955
Net income/(loss) applied	248	150	3,081	3,479
Recoverable on insurance	-	-	-	-
	<u>7,716</u>	<u>5,213</u>	<u>25,095</u>	<u>38,024</u>
Year ended 30 June 2022				
Opening balance	6,099	3,351	8,954	18,404
Transfer out of reserves	-	(338)	-	(338)
Net income/(loss) applied	1,119	1,295	13,060	15,474
Recoverable on insurance	-	50	-	50
	<u>7,218</u>	<u>4,358</u>	<u>22,014</u>	<u>33,590</u>

Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

**Guild Retirement Fund
Statement of Cash Flows
For the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Interest received		493	69
Fee rebates received		8,522	6,386
General administration expenses		(16,485)	(21,182)
Bank charges		(54)	(47)
Income tax on investment income		(769)	(24,908)
Net cash flow used in operating activities	13(a)	<u>(8,293)</u>	<u>(39,682)</u>
Cash flows from investing activities			
Net purchase of investments		(161,951)	(99,501)
Net cash flows used in investing activities		<u>(161,951)</u>	<u>(99,501)</u>
Cash flows from financing activities			
Employer and member contributions		329,521	276,100
Government co-contribution		290	278
Transfers in		44,158	36,141
Benefits paid		(146,079)	(139,264)
Insurance recoveries		5,929	5,997
Insurance premiums (outwards)		(11,379)	(11,127)
Income tax on contribution received		(47,334)	(38,451)
Net cash flows from financing activities		<u>175,106</u>	<u>129,674</u>
Net increase/(decrease) in cash held		4,863	(9,509)
Cash at the beginning of period		31,582	41,091
Cash at the end of period	13(b)	<u>36,445</u>	<u>31,582</u>

Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

1. General information

Guild Retirement Fund ("Fund") is a defined contribution fund domiciled in Australia. The Fund is constituted by a Trust Deed dated 29 April 2005, as amended and the address of the Trustee Company's registered office is 171 Collins Street, Melbourne, Victoria.

The Fund primarily is involved in providing retirement benefits to its members.

In accordance with the Superannuation Industry (Supervision) Act 1993, the Fund became a registered superannuation entity on 2 May 2005, registration number R1000030.

The Trustee of the Fund is Guild Trustee Services Pty Limited (RSE no L0000611).

The financial statements were approved by the Board of the Trustee, Guild Trustee Services Pty Limited, on 28th September 2023.

2. Summary of significant accounting policies

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards (AAS), including AASB 1056 '*Superannuation Entities*' (AASB 1056), other applicable Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the provisions of the Trust Deed. The financial statements are presented in Australian dollars.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. Balances are expected to be recovered or settled within twelve months, except for investments, deferred tax and the liabilities for member benefits.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

(b) New standards and interpretations not yet adopted

There are no new accounting standards published in the period to 30 June 2023 that are applicable to the Fund for the reporting period.

(c) Investments

Investments of the Fund are initially recognised using trade date or settlement date accounting, as appropriate. From the initial recognition any gains and losses arising from the changes in fair value are recorded in the Income Statement.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

2. Summary of significant accounting policies (continued)

(c) Investments (continued)

The fair value of the investment for which there is a readily available market quotation, such as listed shares, is determined as the last quoted sale price at the close of business on reporting date.

The Fund also holds units in unlisted managed investment schemes and the fair value of these investments has been determined at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

(i) Recognition/de-recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade or settlement date) and recognises changes in fair value of the financial assets and financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership.

(d) Financial instruments

Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at their fair value. Transaction costs for financial assets and liabilities are recorded in the Income Statement.

After initial recognition, all financial assets and liabilities are measured at fair value. Gains and losses are presented in the Income Statement in the period in which they arise as net changes in fair value of financial instruments.

For further details on how the fair values of financial instruments are determined refer to Note 4.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realise the asset and settle the liability at the same time.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily converted to known amounts of cash and are subject to an insignificant risk of changes in value.

(f) Revenue recognition and contributions

Revenue, including interest, is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised;

Changes in fair value

Changes in fair value of investments are recognised as income and are determined as the difference between fair value at balance date or consideration received (if sold during the year) and fair value at the previous balance date or cost (if the investment was acquired during the year).

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

(2) Summary of significant accounting policies (continued)

(f) Revenue recognition and contributions (continued)

Interest income

Interest revenue from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

Dividend income

Dividend income is recognised on the date the shares to which the dividend relates are quoted ex-dividend and if not received at reporting date, the dividend receivable is reflected in the Statement of Financial Position as a receivable at fair value.

Trust distribution income

Distributions from unlisted managed investment schemes are recognised on the date the Fund becomes entitled to or is attributed the distribution. If not received at reporting date, the distribution receivable is reflected in the Statement of Financial Position as a receivable at fair value.

(g) Foreign currency

Transactions in foreign currencies are translated at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the exchange rate at balance date. Foreign exchange differences are recognised in the Income Statement.

(h) Income tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 and accordingly the concessional tax rate of 15% has been applied.

Current tax

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax

Deferred tax is recognised in respect of temporary differences the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only when it is probable that future taxable amounts will be available to utilise temporary differences and losses.

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

(i) Receivables

Receivables may include amounts for dividends, interest and trust distributions and are measured at fair value. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment as set out in Note 2 (f) above. Amounts are generally received within 30 days of being recorded as receivables.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

2. Summary of significant accounting policies (continued)

(j) Financial liabilities

The Fund recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Other payables are payable on demand or over short time frames of no more than 60 days.

The Fund recognises financial liabilities at fair value as at the reporting date with any change in fair values since the beginning of the reporting period included in the Income Statement.

(k) Member transactions

Contributions revenue and transfers in are recognised in the statement of movement in member benefits when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes in the period to which they relate.

(l) Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. For most of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over the counter derivatives or unquoted securities, are valued using valuation techniques.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There are no critical accounting estimates and judgements contained in these financial statements.

(m) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This could be the case where voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Fund invests in structured entities for the purpose of capital appreciation.

The investee funds' objectives range from achieving medium to long term capital growth. The size of a related investee fund is indicated by the net asset value of the fund per the investee's funds balance sheet. For unrelated funds, size is indicated by the carrying value of the fund's Statement of Financial Position as at the reporting date as there is no other exposure to the fund other than the carrying value of its investments.

(n) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(o) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

3. Fair values of financial instruments

(a) Fair value estimation

The carrying amounts of all the Fund's financial instruments at the balance date approximated at their fair values. The major methods and assumptions used in determining fair value of financial instruments is disclosed in Note 2(c).

(b) Fair value of financial instruments

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

- Level 1: Inputs to the valuation methodology are quoted prices (adjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are valuation techniques using inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices or similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in orderly transactions between market participants at the measurement date.

The Fund has an established control framework with respect to the measurement of fair values. The Trustee reviews valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. Changes in level 2 and 3 fair values are analysed at each reporting date by Trustee.

When third-party information, such as holding and valuation statements are used to measure fair value, the valuation function assesses the documents and evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Australian Accounting Standards.

The Fund classifies unit trusts which are not quoted in an active market, and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets as either Level 2 or Level 3. The Fund considers the valuation techniques and inputs used in valuing these trusts as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value of these trusts may be used as an input into measuring their fair value. The valuation of these trusts between Level 2 and Level 3 depends upon whether the inputs are observable or not.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

3. Fair values of financial instruments (continued)

The Fund values the Level 3 investments based on NAVs provided by the fund manager of the unit trusts. The NAV is based on the value of the underlying assets which include property and infrastructure assets. These assets are valued using various models and techniques including discounted cash flows. The significant unobservable inputs used in these models and techniques include revenue multiples, terminal values, discount rates and other assumptions in the amount and timing cash flows.

30 June 2023				
Financial assets at fair value through profit or loss	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Units in Unit Trust	-	2,567,541	224,439	2,791,980
	-	2,567,541	224,439	2,791,980

The above disclosures exclude cash investments of \$11.2 million where carrying value approximates fair value.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

30 June 2023		Units in Unit Trust \$'000
Opening balance		172,660
Total gains and losses in profit and loss		1,779
Transfer in		-
Purchases		50,000
Sales		-
Closing balance		224,439

Gains and losses included in the Income Statement are presented as change in fair value as follows.

30 June 2023		\$'000
Total gains/(losses) included in Income Statement for the period		1,779
Total gains/(losses) included in Income Statement for the period for assets held at the end of the reporting period		1,779

30 June 2022				
Financial assets at fair value through profit or loss	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Units in Unit Trust	-	2,172,280	172,660	2,344,940
	-	2,172,280	172,660	2,344,940

The above disclosures exclude cash investments of \$17.1 million where carrying value approximates fair value.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

4. Financial risk management

State Street Australia Limited is the principal custodian and holds most of the assets other than the Fund's operating bank accounts as the custodian for the Fund.

The Trustee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy.

The Trustee obtains regular reports from each investment manager and from the appointed investment advisor on the nature of the investments made on its behalf and the associated risks.

The Fund's assets principally consist of financial instruments which comprise units in unlisted trusts. It holds these investment assets in accordance with the Trustee's published investment policy statement.

The allocation of assets between the various types of financial instruments is determined by the Trustee who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocation and the composition of the portfolio is monitored by the Fund on a regular basis. The Fund has a policy of rebalancing its portfolio of assets back to its long-term Strategic Asset Allocation (SAA) based on the advice from the appointed investment advisor.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's objectives, policies and processes for measuring and managing risks. The Trustee of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Trustee is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, including investment risks, to set appropriate risk limits and controls, as well as monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee receives regular reports from the Fund's investment advisor to assist monitoring compliance with the Fund's investment policy statement/objective.

The Fund's Trustee, Audit and Risk Management & Compliance Committees oversee how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Categories of financial instruments

The assets and liabilities of the Fund are recognised at fair value as at the reporting date. Changes in fair values are recognised through the Income Statement.

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 Fund'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 on risk.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

4. Financial risk management (continued)

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the future cash flows or the fair values of the instruments.

The Fund invests in Australian domiciled investments where the underlying investments may include overseas equities. These investments are all denominated in Australian dollars.

Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

The majority of the Fund's financial assets are non-interest bearing. The Fund does not have any direct fixed interest-bearing financial instruments. The Fund invests in Australian domiciled unit trusts where the underlying investments may include interest bearing financial instruments. As a result, the Fund may be subject to indirect exposure to interest rate due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in an interest-bearing bank account.

As the interest rate on the Fund's bank account is a floating rate and varies with market interest rate, any change in interest rates will have no impact on the valuation of the account. The amount of interest the Fund receives after interest rate changes is dependent on the Fund's bank balance in the future. Any increase or decrease in interest likely to be received is immaterial.

Other market prices risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

Sensitivity analysis

The AASB7 sensitivity inputs specify that volatility factors are to be calculated by considering what is "reasonably possible" and should not include remote or "worst case" scenarios or "stress tests. The volatility factors provided are for the 90th percentile range (i.e. the range between the lowest 5% and highest 5%) estimated as 1.68x standard deviation range. The investment advisor has used its long-term equilibrium after-tax capital market assumptions to determine the ranges. Return and volatility factors have been determined after considering long-term historical data series.

**Guild Retirement Fund
Notes to the Financial Statements
For the year ended 30 June 2023**

4. Financial risk management (continued)

30 June 2023

Table 1: Currency Risk

	Volatility factor min	Volatility factor max
AUD vs Foreign Currency	-16.8%	16.8%

Table 2: Interest Rate Risk (change in interest rate level)

	Volatility factor min	Volatility factor max
Fixed Rate	-1.5%	1.5%
Variable Rate	-1.5%	1.5%

Table 3: Market Price Risk

Asset Class	Volatility factor min	Volatility factor max
Australian Equities	-17.6%/-177m	33.8%/339m
International Equities (H)	-14.5%/-64.8m	29.6%/132.3m
International Equities (U/H)	-14.3%/-73.4m	29.5%/151.5m
Emerging Market Equities (U/H)	-16.7%/-17.3m	34.3%/35.5m
Property	-4.6%/-4.4m	18.5%/17.8m
Infrastructure	-6.5%/-8.3m	22.4%/28.5m
Defensive Alternatives	0.4%/0.6m	9.7%/15.4m
Australian Fixed Interest	-1.4%/-0.4m	8.2%/2.5m
International Fixed Interest	-1.5%/-0.5m	8%/2.4m
Cash	3%/-8.4m	4.4%/12.3m

Guild Retirement Fund
Notes to the Financial Statements
For the year ended 30 June 2023

4. Financial risk management (continued)

30 June 2022

Table 1: Currency risk (return on currency after 15% flat tax assumption)

	Volatility factor min	Volatility factor max
AUD vs Foreign Currency	-16.8%	-16.8%

Table 2: Interest Rate Risk (change in interest rate level after 15% flat tax assumption)

	Volatility factor min	Volatility factor max
Fixed Rate	-1.5%	1.5%
Variable Rate	-1.5%	1.5%

Asset Class	Volatility factor min	Volatility factor max
Australian Equities	-18.0%/-171.1m	34.1%/324.2m
International Equities (U/H)	-14.3%/-85.8m	29.5%/177.1m
Emerging Market Equities (U/H)	-16.7%/-14.5m	34.3%/29.7m
Property	-4.6%/-4.8m	18.5%/19.5m
Infrastructure	-6.5%/-5.4m	22.4%/18.5m
Defensive Alternatives	0.4%/0.4m	9.7%/10.1m
Australian Fixed Interest	-1.6%/-0.8m	7.9%/3.9m
International Fixed Interest	-2.2%/-0.3m	7.3%/1.0m
Cash	0.9%/-1.5m	2.2%/3.6m

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

4. Financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The fair value of financial assets included in the Statement of Financial Position represents the Fund's current maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by the Trustee by quarterly reporting from its investment advisor.

The Fund does not have assets which are past due or impaired.

With regards to unit trust investments, credit risk arises from the ability of the manager of the trust to realise the underlying investments (if necessary) to meet any redemptions requested by the Fund. This risk is measured by reference to the liquidity of the trusts' investments and cash balances available to process redemptions. The Fund has not experienced any delays in redemptions from its investment managers.

Liquidity risk

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

The Fund's liquidity position is monitored on a weekly basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, Fund expenses and investing activities. The Trustee conducts liquidity stress testing annually and 92% of the Fund is invested in highly liquid managed fund assets.

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest days on which the Fund can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

	Less than 3 months	3 months to 1 year	Total contractual cash flows	Carrying amount
30 June 2023	\$'000	\$'000	\$'000	\$'000
Creditors and accruals	3,379	-	3,379	3,379
Current tax liabilities	11,099	10,149	21,248	21,248
Member benefits	2,768,362	-	2,768,362	2,768,362
Total	2,782,840	10,149	2,792,989	2,792,989

	Less than 3 months	3 months to 1 year	Total contractual cash flows	Carrying amount
30 June 2022	\$'000	\$'000	\$'000	\$'000
Creditors and accruals	3,566	-	3,566	3,566
Current tax liabilities	6,435	-	6,435	6,435
Member benefits	2,346,523	-	2,346,523	2,346,523
Total	2,356,524	-	2,356,524	2,356,524

Member benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' benefits, however, members may not necessarily call upon amounts during this time.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

4. Financial risk management (continued)

Environmental, Social & Governance

Management recognises that ESG disclosure requirements are evolving both globally and in Australia. Our general approach as agreed with the Board is to fast follow when these disclosure standards have been established for Australia. Notwithstanding, we are closely monitoring developments in ISSB standards and industry guidance to ensure our readiness in meeting the Australian standards and timeframes when effective. We are also continuing to develop our underlying Group ESG program to build our ESG foundational capability and disclosure readiness.

5. Investments

	2023 \$'000	2022 \$'000
<u>Units in unit Trusts</u>		
Mercer Australian Direct Property Fund	96,315	91,751
Mercer Global Unlisted Infrastructure Fund	74,521	80,909
Russel Low Carbon Global Shares Fund	516,622	395,825
Russell Low Carbon Global Shares \$A Hedged	450,725	412,972
Russell Investments Low Carbon Australian Shares Fund	874,433	784,443
Realindex Emerging Markets Fund	103,468	89,512
IFM Transaction Cash Fund	276,271	160,712
IFM Australian Infrastructure Wholesale Fund A	45,976	-
IFM Australian Infrastructure Wholesale Fund B	7,627	-
iShares Global Bond Index Fund	30,429	27,805
iShares Wholesale Australian Bond Index Fund	29,796	27,786
TCW Unconstrained Bond Fund Class	158,168	160,690
Realindex Wholesale Australian Small Companies	127,629	112,535
Total investments	2,791,980	2,344,940

6. Net changes in fair value of investments

	2023 \$'000	2022 \$'000
Held at reporting date	167,953	(260,555)
Realised during the period	(52,670)	(40,180)
Net changes in fair value of investments	115,283	(300,735)

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

7. Member Liabilities and Funding Arrangements

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to end of the reporting period.

(a) Member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member balances as at the reporting date using unit prices determined by the Trustee based on the underlying option values selected by members.

All members of the Fund receive benefits based on the accumulation of contribution with earnings, after deductions for insurance premiums, expenses and tax. Members of the Fund bear the investment risk relating to the underlying assets of the Fund.

	2023	2022
	\$'000	\$'000
Member liabilities at end of the financial year	2,768,362	2,346,523
Net assets available to pay benefits (excluding reserves)	2,806,386	2,380,113

(b) Funding arrangements

Contributions are made to the Fund in accordance with the terms of the trust deed, at the minimum rate of 10.5% gross salaries. Members with accumulation benefit accounts may also contribute at varying rates as nominated by the individual member.

8. Reserves

	2023	2022
	\$'000	\$'000
Operational risk financial reserve	7,716	7,218
Contingency reserve	5,213	4,358
Total reserves	12,929	11,576

Under APRA Prudential Standard SPS 114: Operational Risk Financial Requirements ("ORFR"), a Trustee is required to determine, implement, manage and maintain an ORFR target amount. The Trustee maintains an ORFR with a target of 0.25% of Fund net assets.

The contingency reserve was established to provide the Fund with funds to protect member interests and mitigate the impact of an adverse event.

The ORFR is in line with the APRA minimum requirement and the Trustee has undertaken both an independent review to establish the appropriate target rate in the context of the Fund's risk profile as well as strategic asset allocation review of the investments of the Reserve.

Other than the above, no significant event has occurred since the end of the reporting period which could impact on the financial position of the Fund as at 30 June 2023 or on the results and cash flows of the Fund for the year ended on that date.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

9. Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third-party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to member accounts and insurance recoveries allocated are recognised in the Statement of Changes in Member Benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- Members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim.
- Insurance premiums are paid through the Fund for administrative reasons, and
- Insurance premiums are effectively set directly by reference to premiums set by an external insurer.

10. Receivables

	2023	2022
	\$'000	\$'000
Accrued interest	106	11
Administrative fee rebate	2,111	2,013
Investment settlements	-	173
GST receivable	371	406
Total receivable	<u>2,588</u>	<u>2,603</u>

11. Creditors and accruals

	2023	2022
	\$'000	\$'000
Administrative and management fees	1,593	1,403
Unallocated monies from transition	-	3
Investment settlements	639	1,098
Group life and salary continuance premiums	1,117	1,042
PAYG withholding	30	20
Total creditors and accruals	<u>3,379</u>	<u>3,566</u>

12. Taxation

	2023	2022
(a) Recognised in the Income Statement	\$'000	\$'000
Current tax expense		
- Current year tax on profits	5,370	17,365
- Adjustments to current tax for prior period	63	50
Deferred tax expense		
- Relating to the origination and reversal of temporary differences	21,138	(52,119)
Income tax expense/(benefit)	<u>26,571</u>	<u>(34,704)</u>

Guild Retirement Fund
Notes to the Financial Statements
For the year ended 30 June 2023

	2023 \$'000	2022 \$'000
(b) Numerical reconciliation between tax expense and profit before income tax		
Profit/(loss) before income tax	277,821	(204,234)
Tax applicable at the rate of 15% (2022:15%)	41,673	(30,635)
Tax effect of income/ (losses not assessable)/ (deductible in determining taxable income)		
- Investment income and discount in capital gains	(2,126)	12,204
- Imputation credits and foreign tax credits applied	(13,039)	(16,323)
- (Over)/under provision prior period	63	50
Income tax expense/(benefit)	26,571	(34,704)
(c) Recognised in the Statement of Changes in Member Benefits		
Tax on contribution revenue	47,334	38,451
Tax benefit on insurance premiums	(2,021)	(1,962)
Income tax expense recognised in the Statement of Changes in Member Benefits	45,313	36,489
(d) Current tax liability/(assets)		
Balance at beginning of year	6,435	13,928
Income tax paid – current period and prior year	(45,112)	(61,387)
Current year income tax provision	49,713	53,844
(Over)/under provision prior period	63	50
	11,099	6,435
(e) Deferred tax assets and (liability)		
The amount of deferred tax liabilities recognised in the Statement of Financial Position		
Insurance premiums payable	168	156
Unrealised capital gains carried forward	(10,317)	10,833
	(10,149)	10,989

Guild Retirement Fund
Notes to the Financial Statements
For the year ended 30 June 2023

13. Cash flow reconciliation

(a) Reconciliation of Net Cash provided by Superannuation Activities to Net Profit After Tax

	2023	2022
	\$'000	\$'000
Net profit/(loss) after tax	4,434	15,186
Changes in fair value of assets	(110,731)	300,735
Trust distributions	(176,754)	(110,164)
Net benefits allocated from/to members accounts	246,816	(184,716)
(Increase)/decrease in receivables	2,135	(1,566)
(Increase)/decrease in deferred tax asset	10,989	(10,989)
Increase/(decrease) in creditors and accruals	5	455
Increase/(decrease) in current tax liabilities	4,664	(7,493)
Increase/(decrease) deferred tax liabilities	10,149	(41,130)
Net cash flows used in superannuation activities	(8,293)	(39,682)

(b) Reconciliation of Cash

General operating account	25,227	14,444
Custodian cash account	11,218	17,138
Cash and cash equivalents	36,445	31,582

(c) Non-cash investing activities

During the year the following non-cash investing activities occurred:

Trust distribution reinvested	176,754	110,164
Other investment income reinvested	1,367	2,723

14. Auditor's remuneration

	2023	2022
	\$'000	\$'000
Amounts paid or due and payable to: Auditors of the Fund – Ernst & Young:		
Audit service	138	118
Other service	22	21
Total auditor's remuneration	160	139

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

15. Related parties

(a) Trustee

The Trustee of the Fund is Guild Trustee Services Pty Limited. The following people were directors of the Trustee during the financial year and to date of this report.

Linda Jenkinson (Non-executive Director, Chairman)
Keri Pratt (Non-executive Director)
Mario Pirone (Non-executive Director)
Nick Panayiaris (Non-executive Director)

(b) Key management personnel and remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any director (whether executive or otherwise).

The above listed directors are the key management personnel. Other key management personnel of the Fund are:

Kevin Behrens – Chief Finance Officer & Company Secretary
Greg Everett – General Manager
Yen Ping Fong – Chief Risk Officer

Some directors, key management personnel and their associates are members of the Guild Retirement Fund for which Guild Trustees Services Pty Limited acts as responsible entity. These superannuation transactions are made at arm's length and in the ordinary course operations. Some directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Guild Group. Those services are provided at arm's length and in the ordinary course of business except where the directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to the size of business.

Compensation of key management personnel for services rendered for the Fund are remunerated by Guild Trustee Services and this compensation is included in the administration expenses in the Income Statement.

(c) Related party transactions

The Trustee received payment from the Fund for remuneration for management and monitoring the Fund's investment portfolios of \$14.06 million (2022: \$14.045 million).

The Trustee receives a payment from the Fund in relation to an insurance administration fee for administering the group insurance policies. Death and Temporary & Permanent Disablement fee is 6% (2022:6%) and Income Protection fee is 6% (2022:6%).

16. Events after the reporting date

On the 5th of September 2023, Guild Group announced it has entered into a strategic relationship with Future Group to accelerate delivery of the vision of the Fund 'To be the Fund that changed the future for women and their families'. There are still some legal and regulatory steps to complete, which Guild Group anticipates being finalised on or around 1 November 2023. The proposed strategic relationship with Future Group is in relation to Trustee services and does not have any impact on the Fund's ability to continue as a going concern.

Guild Retirement Fund

Notes to the Financial Statements

For the year ended 30 June 2023

STATEMENT BY TRUSTEE

Trustees' declaration

In the opinion of the directors of the Trustee of Guild Retirement Fund:

- (a) The accompanying financial statements and notes set out on pages 2 to 22 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements.
 - (ii) Present fairly the Fund's financial position as at 30 June 2023 and its performance for the financial year ended on that date.
- (b) The Fund has been conducted in accordance with the provisions of the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations; the Corporations Act 2001.
- (c) There are reasonable grounds to believe that the Fund will be able to pay its debts and when they become due.

Signed in accordance with a resolution of the Trustee.

Director

Melbourne
26th September 2023



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Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Part 1 - Independent Auditor's report on financial statements

Independent Auditor's report approved form for an RSE that is a reporting entity

Guild Retirement Fund
ABN 22 599 554 834

Report by the RSE Auditor to the trustee and members

Opinion

I have audited the financial statements of Guild Retirement Fund for the year ended 30 June 2023 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Guild Retirement Fund as at 30 June 2023 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2023.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtained an understanding of internal control relevant to the audit 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 RSE's internal control.
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Hayley Watson
Partner
Melbourne
29 September 2023



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Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Part 2 - Independent Auditor's Reasonable Assurance report on APRA reporting forms and on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment A)

Independent auditor's reasonable assurance report to the trustee of Guild Retirement Fund ABN 22 599 554 834 on forms required under APRA reporting standards.

Opinion

I have conducted a reasonable assurance engagement on the following APRA reporting forms:

SRF 114.1	Operational Risk Financial Requirement;
SRF 320.0	Statement of Financial Position;
SRF 330.0	Statement of Financial Performance;
SRF 550.1	Investments and Currency Exposure (Table 1, columns 1-5 and 9-12 only)

Of Guild Retirement Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2023.

In my opinion:

- a) the relevant forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of Guild Retirement Fund as at 30 June 2023, and its performance for the year then ended, as reflected in the RSE's financial statements signed on 29 September 2023 or accounting records with regard to other information that was not directly derived from the financial statements; and
- b) the trustee of Guild Retirement Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.

I have also audited the financial statements of Guild Retirement Fund for the year ended 30 June 2023. My opinion on the financial statements was signed on 29 September 2023 and was not modified.

Basis for Opinion

My reasonable assurance engagement has been conducted in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for reasonable assurance on forms required by APRA reporting standards* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my reasonable assurance engagement on the APRA reporting forms in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment A to *Prudential Standard SPS 310 Audit and Related Matters* (APRA reporting standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA reporting forms free from material misstatement, whether due to fraud or error.

In preparing the APRA reporting forms, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's Responsibilities for reasonable assurance on forms required by APRA reporting standards

My objectives are to obtain reasonable assurance on whether the APRA reporting forms required by the APRA reporting standards are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that a reasonable assurance engagement conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these APRA reporting forms.

As part of a reasonable assurance engagement in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the reasonable assurance engagement. I also:

- identified and assessed the risks of material misstatement in the relevant forms, whether due to fraud or error, designed and performed reasonable assurance procedures responsive to those risks, and obtained evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my reasonable assurance report to the related disclosures in the relevant forms or, if such disclosures are



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inadequate, to modify my opinion. My conclusions are based on the evidence obtained up to the date of my reasonable assurance report. However, future events or conditions may cause the RSE to cease to continue as a going concern.

- evaluated the overall presentation, structure and content of the relevant forms, including the disclosures, and whether the relevant forms represent the underlying transactions and events in a manner that achieves fair presentation.
- communicated with the trustee regarding, among other matters, the planned scope and timing of the reasonable assurance engagement and significant findings, including any significant deficiencies in internal control that I identified during my reasonable assurance engagement.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable) and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

A handwritten signature in black ink, appearing to read 'Hayley Watson', is written over a horizontal line.

Hayley Watson
Partner
Melbourne
29 September 2023

(B) Compliance

Independent Assurance Practitioner's report to the trustee of Guild Retirement Fund ABN 22 599 554 834

Opinion

I have performed a reasonable assurance engagement in relation to the trustee's compliance with applicable provisions under the *Superannuation Industry (Supervision) Act 1993* (SIS Act), *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations), APRA reporting standards, *Corporations Act 2001* (Corporations Act) and *Corporations Regulations 2001* (Corporations Regulations) for the year ended 30 June 2023.

- (a) SIS Act Sections (to the extent applicable): 29VA, 35A, 65, 66, 67, 95, 97, 98, 99F, 101, 105, 106, 109, 117, 154 and 155 (2);
- (b) SIS Regulations (to the extent applicable): 3.10, 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 13.14, 13.17, 13.17A;
- (c) The APRA reporting standards that are subject to reasonable assurance (to the extent applicable);
- (d) Corporations Act Sections (to the extent applicable): 1012B, 1012F, 1012H(2), 1012I, 1013K(1), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3) and 1017E(4);
- (e) Corporations Regulations (to the extent applicable): 7.9.07R, 7.9.07S, 7.9.07T, 7.9.07V, 7.9.07W, 7.9.110, 7.9.11Q and 7.9.32(3).

My procedures with respect to SIS Regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the SIS Regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations

In my opinion the trustee of Guild Retirement Fund has complied, in all material respects with:

- a) The requirements of the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above for the year ended 30 June 2023; and
- b) The requirement to maintain an operational risk reserve at the required target amount in accordance with its ORFR strategy.

Basis for Opinion

I conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

I believe that the evidence obtained is sufficient and appropriate to provide a basis my opinion.

Trustee's responsibility for compliance

The RSE's trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence.

The RSE's trustee is responsible for identifying, designing and implementing controls to enable compliance with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence and to monitor ongoing compliance.

The trustee is responsible, under *Prudential Standard SPS 114 Operational Risk Financial Requirement* (SPS 114), for maintaining financial resources at the required target amount in accordance with its Operational Risk Financial Requirement (ORFR) strategy. The financial resources held to meet the ORFR target amount must be held either as:

- a) an operational risk reserve held within an RSE;
- b) operational risk trustee capital held by the RSE licensee; or
- c) a combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE licensee.

Independence and Quality Management

I have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

My firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Assurance Practitioner's responsibilities

My responsibility is to express an opinion on the trustee's compliance in all material respects with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations based on the reasonable assurance engagement. My reasonable assurance engagement has been conducted in accordance with ASAE 3100 Compliance Engagements. This Standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance whether the trustee of Guild Retirement Fund has, in all material respects complied with the provisions listed in Section B 'Compliance' (to the extent applicable) for the year ended 30 June 2023.



My responsibility is also to express an opinion on the trustee's compliance with their ORFR strategy with respect to maintaining an operational risk reserve at the required target amount for the year ended 30 June 2023.

My procedures in relation to SIS Section 155(2) included assessing the trustee's controls in place to monitor compliance with Section 155(2). These procedures did not include testing the trustee's methodology used to calculate the issue or redemption price.

Inherent limitations

Due to the inherent limitations of any evidence gathering procedures and the internal control framework, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above, as a reasonable assurance engagement is not performed continuously throughout the year and does not provide assurance on whether compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above will continue in the future.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable) and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

A handwritten signature in black ink, appearing to read 'Hayley Watson', is positioned above the printed name.

Hayley Watson
Partner
Melbourne
29 September 2023



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Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
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Part 3 - Independent Auditor's report on APRA reporting forms and Limited Assurance report on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment A)

Independent auditor's report to the trustee of Guild Retirement Fund ABN 22 599 554 834 on forms required under APRA reporting standards:

Conclusion

I have conducted a limited assurance engagement on the following APRA reporting forms:

SRF 533.0	Asset Allocation;
SRF 702.0	Investment Performance; and
SRF 706.0	Fees and Costs Disclosed.

of Guild Retirement Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2023.

Based on my limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to my attention that causes me to believe that the APRA reporting forms of Guild Retirement Fund for the year ended 30 June 2023 are not prepared, in all material respects, in accordance with the APRA reporting standards.

Basis for Conclusion

I have conducted a limited assurance engagement, in accordance with the standard, ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* (ASRE 2405) issued by AUASB, in order to state whether, on the basis of the procedures described, anything has come to my attention that causes me to believe that the relevant forms are not prepared, in all material respects, in accordance with the APRA reporting standards.

ASRE 2405 requires me to comply with the relevant professional and ethical requirements of the Standards issued by the Accounting Professional and Ethical Standards Board.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable) and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Responsibilities of the trustee for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards, made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment A to *Prudential Standard SPS 310 Audit and Related Matters* (APRA reporting standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA forms free from material misstatement, whether due to fraud or error. The



APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's Responsibilities for limited assurance on forms required by APRA reporting standards

My responsibility is to express a conclusion, based on my limited assurance engagement, on the APRA reporting forms. A limited assurance engagement consists of making enquiries, primarily of persons responsible for the relevant forms, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all material matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a reasonable assurance opinion.

A handwritten signature in black ink, appearing to read 'Hayley Watson', with a horizontal line underneath it.

Hayley Watson
Partner
Melbourne
29 September 2023



(B) Controls and Compliance

Independent Assurance Practitioner's Limited Assurance report to the trustee of Guild Retirement Fund ABN 22 599 554 834

Qualified Conclusion

I have performed a limited assurance engagement under the reporting requirements specified in Australian Prudential Regulation Authority (APRA) *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310), as described in the *Scope* section, paragraphs *Part A to Part C*, of this report.

Part A - the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements

Based on the procedures I performed and evidence I obtained, except for the matter identified in the Trustee's Risk Management Declaration as specified below and as outlined within the 'Basis for Qualified Conclusion' section of my report, nothing has come to my attention that causes me to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year ended 30 June 2023 to address compliance with all applicable Prudential Requirements:

(a) CPS 234 Information Security

Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year ended 30 June 2023 to provide reliable data to APRA as required under the APRA reporting standards.

Part C - Compliance with the RMF

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, for the year ended 30 June 2023, the trustee did not comply with its RMF.

Basis for Qualified Conclusion

With respect to Part A - the trustee's systems, procedures and internal controls are designed to ensure that the Trustee has complied with all applicable prudential requirements.

In relation to the CPS 234 Tripartite Review conducted for the period 1 July 2022 to 30 June 2023, the Independent Assurance Practitioner's Limited Assurance Report on the description, design and operating effectiveness of controls was a qualified conclusion issued on 29 September 2023.

The report detailed that the evidence obtained identified instances of material deficiencies in the design of the controls and material deviations in the operating effectiveness of controls. Accordingly, insufficient assurance was achieved over fourteen of the control objectives during the period.



I conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* and 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

I believe that the evidence obtained is sufficient and appropriate to provide a basis for my conclusion.

Other Matter - Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable) and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared. Our conclusion is not modified in respect of this matter.

Trustee's responsibility for controls and compliance

The trustee of Guild Retirement Fund is responsible for:

- a) the trustee's systems, procedures and internal controls that are designed to ensure that the trustee has complied with all applicable prudential requirements, to provide reliable data to APRA as required by the APRA reporting standards, and has operated effectively throughout the year ended 30 June 2023;
- b) the trustee's compliance with its risk management framework, including identification and implementation of controls which will mitigate those risks that prevent the compliance requirements identified above being met and monitor ongoing compliance.

Independence and Quality Management

I have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

My firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Assurance Practitioner's responsibilities

My responsibility is to perform a limited assurance engagement as required by SPS 310, described in Scope paragraphs *Part A to Part C* of this report, and to express a limited assurance conclusion based on the procedures I have performed and the evidence I have obtained.



My limited assurance engagement has been conducted in accordance with applicable AUASB Standards on Assurance Engagements, including ASAE 3100 *Compliance Engagements* and ASAE 3150 *Assurance Engagements on Controls*, in order to express a limited assurance conclusion as described in *Scope* paragraphs *Part A to Part C* of this report. I have complied with the independence and other relevant ethical requirements relating to a limited assurance engagement.

The procedures I performed were based on my professional judgment and included enquiries of the trustee personnel and observation of material control procedures performed, inspection of documents, walk-throughs of material control procedures and evaluating the effectiveness of material control procedures throughout the year.

My reasonable and limited assurance engagements on the APRA reporting forms required under SPS 310 are directed towards obtaining sufficient appropriate evidence to form an opinion and conclusion under the appropriate prudential requirements. These procedures were not designed to enable me to conclude on other matters required by the APRA Prudential Standards. I have therefore performed assurance procedures in order to meet my responsibilities in relation to the design and operating effectiveness of material controls and compliance with specific requirements under the prudential requirements.

Inherent Limitations

A limited assurance engagement is substantially less in scope as the procedures performed vary in nature and timing from a reasonable assurance engagement conducted in accordance with AUASB Standards on Assurance Engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

Furthermore, projections of any evaluation of internal control procedures or compliance measures to future periods are subject to the risk that control procedures may become inadequate because of changes in conditions, or that the degree of compliance may deteriorate. Consequently, there are inherent limitations on the level of assurance that can be provided.

Accounting records and data relied on for prudential reporting and compliance are not continuously audited and do not necessarily reflect accounting adjustments necessary for end of reporting period financial report preparation, or events occurring after the end of the reporting period.

The conclusions expressed in this report are to be read in the context of the foregoing comments.

Scope

Part A - the trustee's systems, procedures and internal controls are designed and operate effectively to ensure that the trustee has complied with all applicable prudential requirements



The procedures I performed during the year ended 30 June 2023 were considered necessary in relation to the trustee's systems, procedures and controls that address compliance with all applicable Prudential Requirements. Prudential Requirements include requirements imposed by:

- a) APRA Prudential Standards;
- b) APRA reporting standards;
- c) SIS Act and SIS Regulations;
- d) APRA conditions on the trustee's licence or authorisation;
- e) Directions issued by APRA under the *SIS Act 1993*; and
- f) Other requirements imposed by APRA in writing (if applicable).

Through enquiries, observation and walk-throughs of material control procedures, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

The procedures I performed were considered necessary in relation to the trustee's systems, procedures and controls, for the year ended 30 June 2023, to ensure that, in all material respects, reliable data is provided, as required by the APRA reporting standards.

Through enquiries, observation and walk-throughs of material control procedures, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Part C - Compliance with the Risk Management Framework (RMF)

The procedures I have performed were considered necessary in relation to the trustee's compliance, in all material respects, with its RMF as defined in *Prudential Standard SPS 220 Risk Management (SPS 220)* for the year ended 30 June 2023.

Through enquiry, observation and inspection of documents, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Ernst & Young

Hayley Watson
Partner
Melbourne
29 September 2023