

A pair of round-rimmed glasses with thin frames is positioned diagonally across the center of the image. They rest on a ledger page with a grid pattern. The ledger contains handwritten numbers in the left margin, including 25, 26, 27, 28, 29, 30, and 31. A pen nib is visible in the lower right corner, casting a shadow. The overall lighting is warm and directional, creating strong shadows and highlights.

Financial Report

ANNUAL REPORT 2001

Annual report for the financial year ended 30 June 2001

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The Directors of IOOF Ltd ("the Company") present the annual financial report for IOOF Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2001.

DIRECTORS

The names and particulars of the Directors of the Company during the whole of the financial year and up to the date of this report are:

Director	Age	Qualifications	Occupation
Mr L A Bytheway (Chairman)	69	A.A.U.Q., F.C.P.A., F.A.I.C.D.	Company Director
Dr R N Sexton (Deputy Chairman)	51	B.Ec. (Hons.), M. Ec, Ph.D. (Econ.), F.A.I.C.D., F.A.I.M.	Company Director and Investment Banker
Mr M U R Crivelli	62	B.Ec., A.S.A., A.S.I.A.	Executive Director and Investment Management
Mr M W Parkinson, C.B.E.	58	B.A. (Hons.), M.B.A.	Merchant Banker
Dr N L Scheinkestel	41	LL.B. (Hons.), Ph.D.	Company Director, Consultant and Academic
Mr R J Schoer	68	B.Admin, F.C.P.A., F.A.I.C.D., F.C.I.S., F.A.I.M.	Business Consultant and Company Director
Ms K D Spargo	49	LL.B. (Hons.), B.A.	Business Consultant and Company Director
Mr R J Turner	58	B.Com., F.A.I.C.D.	Managing Director
The following directors were appointed during the financial year and held office up until the date of this report:			
Mr I Blair (Appointed 28/11/2000)	54	M.Mgt, F.C.A.	Chartered Accountant and Company Director
Mr L L'Huillier (Appointed 15/03/2001)	58	B.Com (Hons), M.Phil, M.B.A.	Company Director
The following Director has retired:			
Mr D E Jury (Retired 19/07/2000)	59	F.A.I.C.D (Dip).	Company Director

PRINCIPAL ACTIVITIES

The principal activities of the economic entity referred to as the IOOF Group (comprising the Company, as the chief entity, and controlled entities as appearing in Note 24 to the financial statements) during the course of the financial year were:

- to offer a range of financial products and portfolio administration services, including single and multi-premium investments, superannuation, approved deposit funds, immediate and deferred annuities and investment trusts;
- to provide health insurance cover;
- to provide financial planning and advisory services; and
- to provide trustee and executor services.

During the year, the Group divested its holdings in the subsidiaries that provided trustee and executor services.

CONSOLIDATED RESULTS

The consolidated net profit for the year attributable to members of the IOOF Group was \$8,130,000 (2000: \$5,571,000).

REVIEW OF OPERATIONS

A review of the operations of the IOOF Group is contained in the Chairman's and Managing Director's Report in the Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were several significant changes in the IOOF Group's state of affairs that occurred during the financial year. They are set out below and referred to in the financial statements or the notes thereto.

In June 2001, the tax status of IOOF Health Services Ltd changed from "not for profit" to "for profit." As a result IOOF Health Services Ltd is no longer exempt from income tax. On 28 June 2001, IOOF Health Services Ltd was registered as a company limited by shares under the Corporations Act 2001 and issued 5,000,000 \$1 fully paid up ordinary shares to its parent IOOF Ltd. Previously, this entity was registered as a company limited by guarantee.

The tax treatment of the Company changed effective from 1 July 2000. Under these changes, certain transactions relating to its life insurance business, that had not previously been taxable, became taxable. The effect of these changes is to considerably reduce the tax benefit recognised by the Company.

The Goods and Services Tax (GST) became operative on 1 July 2000. Accounting policies and procedures have been implemented to ensure that GST is accounted for in accordance with Australian Taxation Office requirements and relevant Accounting Standards.

During the year, the Group divested its holdings in the group of companies providing trustee and executor services.

The Company's St Kilda head office property was sold on 5 July 2000 and head office operations were transferred to leased premises in the Melbourne CBD in October 2000. On 28 June 2001, the Company sold its Bourke Street property.

In June 2001, the Company sold its superannuation business to a subsidiary, IOOF Investment Management Limited based on an independent assessment of the value of future cash flows.

The Company changed its accounting policy in relation to the valuation of controlled entities. Controlled entities were valued at net market value. In previous years, investments in controlled entities were brought to account at Directors' valuation based on the underlying net assets.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Effective from 1 July 2001, further tax changes will affect the Company. These changes caused the Company to lose its tax exemption in respect to its non-life insurance business and investments.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the IOOF Group, the results of those operations, or the state of affairs of the IOOF Group in subsequent financial years.

FUTURE DEVELOPMENTS

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments to the IOOF Group's operations and the expected results of those operations in subsequent financial years would be likely to result in unreasonable prejudice to the IOOF Group. Accordingly, this information has not been included in this report.

DIRECTORS' BENEFITS

During or since the financial year, no Director of the Company has received or become entitled to receive a benefit because of a contract that the Director, or a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive, the benefit other than:

- a. a benefit included in the aggregate amounts received or due and receivable by the Directors shown in Notes 22 and 23 to the financial statements; and
- b. the fixed salary of a full time employee of the Company or an entity that the Company controlled or a related body corporate.

DIRECTORS' MEETINGS

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

Director	Board Meetings		Committee Meetings		
	Number of Meetings Held (a)	Number of Meetings Attended (b)	Number of Meetings Held (c)	Number of Meetings Attended (d)	Number of Meetings Attended by Non Members (e)
Mr L A Bytheway (Chairman)	11	11	17	15	2
Dr R N Sexton (Deputy Chairman)	11	9	4	4	-
Mr M U R Crivelli	11	10	-	-	-
Mr M W Parkinson	11	11	13	12	1
Dr N L Scheinkestel	11	10	9	9	-
Mr R J Schoer	11	11	15	14	-
Mr R J Turner (Managing Director)	11	11	-	-	9
Ms K D Spargo	11	11	12	12	2
Mr I Blair (appointed 28 November 2000)	5	5	3	3	-
Mr L L'Huillier (appointed 15 March 2001)	4	4	-	-	-
Mr D E Jury (retired 19 July 2000)	1	1	-	-	-

- (a) Reflects the number of regular board meetings held during the time the Director held office during the year.
- (b) Reflects the number of board meetings attended during the year.
Note, in addition to the above regular scheduled meetings, a number of additional meetings were held during the year to address special Board issues. These were attended by all, or the majority of, the Directors. Directors have also attended meetings of subsidiary boards which are not listed above.
- (c) Reflects the number of meetings held of the sub-committees of the Board comprising the Audit Committee, Governance Committee and the Remuneration and Nomination Committee.
- (d) Reflects the attendance at meetings by the appointed Board representatives of the above committees.
- (e) Reflects the number of committee meetings attended by Directors other than committee members.

INDEMNIFICATION

There is a Directors' and Officers' Liability and Company Reimbursement Insurance policy which indemnifies all the Directors and Officers of the IOOF Group against liabilities to persons outside the IOOF Group that arise out of performance of their normal duties. The insurance policy stipulates that the underwriter will indemnify Directors and Officers of the IOOF Group against any liabilities, costs and expenses in accordance with the terms of the policy. The terms of the policy prohibit disclosure of the nature of the liability and the amount of the premium.

ENVIRONMENTAL REGULATION

IOOF Group is not subject to significant environmental regulation.

ROUNDING OFF OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the rounding off of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of the Directors.



L A Bytheway
Chairman of the Board
 Melbourne,
 21 August 2001.



R J Turner
Managing Director

21 August, 2001

The Directors
IOOF Ltd
303 Collins Street
Melbourne VIC 3000

I have investigated the financial condition of IOOF Ltd as at 30th June 2001 in accordance with Section 113 of the Life Insurance Act 1995 (the Act) and Prudential Standards 1 and 2 determined by the Australian Prudential Regulation Authority (APRA). As a result of that investigation it is my opinion that:

- (a) for each approved benefit fund of the Company, the value of the benefit liabilities and the solvency of each approved benefit fund have been determined using methods and assumptions consistent with the actuarial standards;
- (b) the allocation and distribution of the surplus of the approved benefit funds of the Company have been made in accordance with Division 5 of Part 4 of the Life Insurance Act 1995 and the approved benefit fund rules of each approved benefit fund; and
- (c) the proper records provided to me contain sufficient detail to allow actuarial valuation in accordance with Life Insurance Actuarial Standards Board statutory valuation standards. In accordance with the Institute of Actuaries of Australia professional standard PS200, I have performed spot and aggregate checks on the records of members' benefit entitlements and obligations provided to me but have otherwise necessarily relied on the accuracy and integrity of the IOOF systems producing the data.



A L Truslove BSc PhD MBA FIA FIAA
Appointed Actuary

STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	Note	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
Revenues from ordinary activities	2	91,930	69,779	70,105	48,545
Expenses from ordinary activities, excluding borrowing costs expense	3	(84,795)	(75,651)	(59,239)	(54,100)
Borrowing costs expense	3	(23)	(32)	(10)	(19)
Share of Net Profits / (Losses) of joint venture partnership accounted for using the equity method	7	210	(207)	-	-
Profit / (loss) from ordinary activities before income tax benefit / (expense)		7,322	(6,111)	10,856	(5,574)
Income tax benefit / (expense)	4(a)	807	11,681	2,311	9,942
Profit from ordinary activities after income tax benefit / (expense)		8,129	5,570	13,167	4,368
Profit / (loss) on extraordinary items after income tax benefit / (expense)		-	-	-	-
Net Profit		8,129	5,570	13,167	4,368
Net Profit attributable to outside equity interest		1	1	-	-
Net Profit attributable to members of IOOF Ltd		8,130	5,571	13,167	4,368
Payments from General Reserve	16(a)	(3)	(6)	(3)	(6)
Total revenues, expenses and valuation adjustments attributable to members of IOOF Ltd and recognised directly in equity		(3)	(6)	(3)	(6)
Total changes in equity other than those resulting from transactions with owners as owners		8,127	5,565	13,164	4,362

The above statements of financial performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2001

	Note	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
Current Assets					
Cash assets	26(a)	13,584	28,889	4,673	16,351
Receivables	5	23,929	9,208	22,158	9,173
Current tax assets	6	71	3,190	-	3,190
Other financial assets	8	43,559	23,109	29,863	7,400
Other	9	2,180	1,784	292	1,713
Total Current Assets		83,323	66,180	56,986	37,827
Non-Current Assets					
Receivables	5	1,073	1,341	250	989
Investments accounted for using the equity method	7	503	293	500	500
Other financial assets	8	23,602	26,533	76,146	43,280
Property, plant & equipment	10	4,461	12,710	1,469	12,299
Deferred tax assets	4(b)	872	2,649	-	-
Other	9	10,744	1,384	-	1,384
Total Non-Current Assets		41,255	44,910	78,365	58,452
Total Assets		124,578	111,090	135,351	96,279
Current Liabilities					
Payables	11	10,292	6,714	29,046	4,886
Interest bearing liabilities	12	-	227	-	-
Current tax liabilities	13	1,309	595	999	-
Provisions	14	9,561	7,719	4,216	2,467
Total Current Liabilities		21,162	15,255	34,261	7,353
Non-Current Liabilities					
Deferred tax liabilities	15	361	1,611	-	917
Provisions	14	2,502	1,799	654	737
Total Non-Current Liabilities		2,863	3,410	654	1,654
Total Liabilities		24,025	18,665	34,915	9,007
NET ASSETS		100,553	92,425	100,436	87,272
Equity					
Parent entity interest					
Reserves	16(a)	35	13,323	3,122	17,899
Retained profits	16(b)	100,365	78,950	97,314	69,373
Total Parent Entity Interest		100,400	92,273	100,436	87,272
Outside equity interests	17	153	152	-	-
TOTAL EQUITY		100,553	92,425	100,436	87,272
The Statements of Financial Position restated to include the benefit funds are:					
Total Assets		1,345,056	1,440,482	1,355,829	1,425,671
Total Liabilities		1,244,503	1,348,057	1,255,393	1,338,399
		100,553	92,425	100,436	87,272

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	Note	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
Cash flows from operating activities					
Payments to suppliers and employees		(78,117)	(74,682)	(46,239)	(55,544)
Claims paid		(12,591)	(5,485)	-	-
Dividends / distributions received		3,973	1,044	11,251	666
Interest and bill discounts received		1,362	2,108	848	884
Other income received		72,802	65,456	41,250	41,385
Interest and other costs of finance (paid) / received		(83)	16	(13)	(16)
Income tax benefit received		5,745	702	5,583	7,925
Net cash provided by / (used in) operating activities	26(b)	(6,909)	(10,841)	12,680	(4,700)
Cash flows from member activities					
Net inflow / (outflow) in member funds		-	1,802	-	1,800
Transfer from IOOF Community Villages Friendly Society		-	869	-	898
Transfer from IOOF Health Benefits Fund		-	6,885	-	-
Net cash provided by / (used in) member activities		-	9,556	-	2,698
Cash flows from financing activities					
Proceeds from minority interests		-	140	-	-
Net cash provided by financing activities		-	140	-	-
Cash flows from investing activities					
Payment for purchase of investment securities		(189)	(7,720)	(203)	(1,625)
Payment for share subscription in a controlled entity		-	-	(32,312)	(6,500)
Proceeds from sale of investment securities		9,167	6,124	9,163	-
Proceeds from capital buy back by controlled entities		-	-	-	13,500
Loans from controlled entities		-	-	8,755	-
Loans to policy holders		(204)	(10)	(202)	(10)
Payment for property, plant & equipment		(4,416)	(2,453)	(4,392)	(1,481)
Proceeds from sale of property, plant & equipment		6,722	7	9,535	-
Net cash (outflow) / inflow on disposal of business		2,476	-	-	-
Proceeds from related entity		-	(140)	9,036	-
Payment of loan from controlled entity		-	-	-	1,000
Net cash provided by / (used in) investing activities		13,556	(4,192)	(620)	4,884
Net increase / (decrease) in cash held		6,647	(5,337)	12,060	2,882
Cash at the beginning of the financial year		50,496	55,833	22,476	19,594
Cash at the end of the financial year	26(a)	57,143	50,496	34,536	22,476

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, the Life Insurance Act 1995, APRA Prudential Rules for Friendly Societies, Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and Actuarial Standards.

Significant Accounting Policies

As a result of the application of the revised AASB 1018 Statement of Financial Performance, the revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

Accounting policies prescribed by Prudential Rule No. 47, Accounting Standards and Urgent Issues Group Consensus Views have been adopted. The following significant accounting policies have been applied in the preparation and presentation of the financial report.

a. Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the Company, comprising its management funds and reserves (the chief entity) and its controlled entities as defined in accounting standard AASB 1024 Consolidated Accounts. A list of controlled entities appears in Note 24 to the financial statements. Consistent accounting policies have been employed across all entities comprising the economic entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The assets, liabilities, members' balances, revenues and expenses of the Benefit Funds are excluded from the Statements of Financial Performance, Statements of Financial Position and Statements of Cash Flows of both the Company and the Economic Entity. The Benefit Funds are separately reported in Note 29.

b. Investments

Controlled Entities

The Company recognises investments in controlled entities at net market value. Any revaluation increment or decrement is brought to account in the statement of financial performance. On consolidation, the excess of net market value over net assets of controlled entities is brought to account in the statement of financial performance.

This represents a change in accounting policy as in previous years, investments in controlled entities were brought to account at Directors' valuation based on the underlying net assets. As a consequence of the change in accounting policy, the Company recognised an unrealised loss on revaluation of its controlled entities of \$8,556,000 and the economic entity recognised an excess of net market value over net assets of \$4,570,000. Under the previous accounting policy, the Company would have recognised an unrealised loss on revaluation of \$3,977,000 and the economic entity would have recognised no gain or loss. Therefore, the change in accounting policy resulted in higher net assets of the economic entity by \$4,570,000 and lower net assets of the Company by \$4,579,000.

Joint Venture

The investment in the joint venture company Bendigo Investment Services Limited (Note 7) has been accounted for under the equity method in the consolidated financial statements and the cost method in the Company's financial statements.

Quoted Securities

Quoted securities are valued at their net market value.

Current Investments

A current investment is one where the term to maturity is less than one year or where the maturity date is beyond one year but the investment is actively traded and can be sold in an orderly market prior to maturity.

Mortgage Securities

Mortgage securities are recognised at recoverable amount, after assessing required provisions for impairment. Bad debts are written off when identified.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**c. Revenue**

Revenue is recognised for the major business activities as follows:

Management fees earned from the funds are calculated based on an agreed percentage of the respective funds under management or administration.

Interest income, dividend income, distribution income and rental income are brought to account on an accruals basis.

Commission income from the provision of financial advisory services is earned on lodgement of investment application.

Health premiums are treated as earned from the date of the attachment of risk or obligation. Unearned premiums are determined by apportioning the premiums received over the "paid to" period to which the premiums relate.

Changes in the net market value of financial assets and liabilities are recognised as revenues or expenses in the statement of financial performance in the year in which the changes occur.

d. Income Tax

Tax effect accounting principles have been adopted whereby income tax expense / benefit is matched with accounting profit / loss after allowing for permanent differences. The tax effect of timing differences, which occur when items are included for income tax purposes in a period different to that for accounting in the provision for deferred income tax and future income tax benefit, is shown at taxation rates expected to apply, depending on the timing of their reversal. Income tax on cumulative timing differences is provided for in the deferred income tax or the future tax benefit accounts at the rates which are expected to apply when those timing differences reverse. (Note 4)

The applicable rates of income tax vary depending upon the fund or entity involved. Superannuation and rollover funds generally attract income tax at the rate of 15% (2000: 15%), the eligible insurance activities of Company funds at the rate of 33% (2000: 33%) and companies at the rate of 34% (2000: 36%).

e. Depreciation and Amortisation

Property, plant and equipment, including owner / occupied freehold buildings but excluding land, are depreciated on a straight line basis designed to write off the net cost of each asset over its estimated useful life. The expected useful life of each asset class is as follows:

Buildings - 50 years

Plant and Equipment - 3 to 10 years

Costs associated with major software development are amortised over 3 years.

f. Receivables

All trade debtors are recognised at the amounts receivable. They are due for settlement at terms which vary between 14 days and, in exceptional circumstances, 180 days from the date of recognition.

The collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off to the Statement of Financial Performance. A provision for doubtful debts is raised where some doubt as to collection exists, based on the amount that is expected to be doubtful of recovery.

g. Accounts Payable

Liabilities are recognised for amounts to be paid in the future, for goods and services received up to the reporting date, whether or not billed. Trade accounts payable are settled within normal terms and conditions, with terms generally ranging from 7 to 55 days. Some agreements, for example those relating to certain commission payments, can require quarterly or annual settlement.

h. Recoverable Amount of Non-Current Assets

Non-current assets are written down to their recoverable amounts where the carrying amount of any non-current asset exceeds its recoverable amount. Recoverable amounts are determined as the amounts expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current assets, which have been discounted where appropriate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**i. Leases**

All leases undertaken by the IOOF Group are of the nature that all the risks and benefits of ownership are effectively retained by the lessor and are therefore classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred.

j. Surplus Leased Premises

In the event that premises leased by the Company pursuant to a non-cancellable operating lease are identified as surplus to the needs of the Company, a liability and expense are recognised equal to the present value of the net expected outlay relating to the surplus space as specified under the lease agreement.

k. Employee Entitlements**Wages, Salaries and Annual Leave**

The provision for employee entitlements to wages, salaries and annual leave represent the amount which the IOOF Group has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated based on current wage and salary rates and includes related on-costs.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using rates attaching to Commonwealth Government securities, which most closely match the terms of maturity of the related liabilities at balance date.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the IOOF Group's experience with employee departures.

l. Deferred Acquisition Costs

Acquisition costs are those costs associated with the writing of new business. Historically, deferred acquisition costs on any Friendly Society benefit fund or product for which the Company acts as Trustee have been valued in accordance with APRA Prudential Rules for Friendly Societies, and Actuarial Standards. For the current year no acquisition costs on such funds were deferred.

Deferred acquisition costs on other funds for which a controlled entity acts as a Responsible Entity or Trustee have been calculated in accordance with generally accepted accounting principles.

Acquisition costs which are carried as an asset in the statements of financial position, are progressively amortised in the statements of financial performance, over the period of time probable future benefits are expected to be received.

m. Comparative Figures

Where necessary, comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Consolidated comparatives include results for the period 1 January 2000 to 30 June 2000 in relation to IOOF Health Services Ltd as the previous year was the first period of activity for this subsidiary.

n. Goods and Services Tax

Revenue and expense items are recorded net of GST. GST input tax credits are recorded as an asset and GST collected is recorded as a liability. The GST portion relating to financial supplies and non deductible expenditure, for which an input tax credit cannot be claimed is expensed.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
2. REVENUE				
Revenue from operating activities				
Management fees:				
- Controlled entities	-	-	6,789	9,398
- Benefit funds	20,517	22,200	20,517	22,200
- Other managed funds	21,267	13,875	15,198	9,052
- Other related parties	106	786	-	744
- Non-related entities	257	211	-	-
Commission revenue:				
- Non-related entities	12,147	13,712	4	6
Premium income (Note 1(m))	16,849	6,145	-	-
Trustees fees	305	2,382	-	-
	71,448	59,311	42,508	41,400
Revenue from outside the operating activities				
Interest revenue:				
- Directors & director-related entities	11	7	-	-
- Other related parties	188	188	188	185
- Non-related entities	1,074	1,813	611	640
	1,273	2,008	799	825
Dividends:				
- Controlled entities	-	-	8,000	-
- Non-related entities	1,465	1,137	1,441	1,005
Distributions:				
- Other related parties	2,365	825	1,590	314
Rental revenue:				
- Operating lease rental revenue				
- Controlled entities	-	-	196	135
- Non-related entities	1,678	1,230	1,547	1,211
Realised gains on investments	140	-	112	-
Unrealised gains on investments	4,675	1,165	4,598	1,241
Unrealised gains on property	-	2,346	-	2,346
Change in excess of net market value over net assets of controlled entities	4,570	-	-	-
Profit from sale of superannuation business	-	-	9,037	-
Profit on disposal of business	1,679	-	-	-
Profit from sale of property, plant & equipment	38	7	38	-
Other	2,599	1,750	239	68
Total Revenue	91,930	69,779	70,105	48,545
Revenue from Company operations	70,105	48,545	70,105	48,545
Revenue from controlled entities operations	49,446	47,411	-	-
Adjustment on consolidation	(27,621)	(26,177)	-	-
Total Revenue	91,930	69,779	70,105	48,545

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
3. OPERATING PROFIT				
Profit from ordinary activities before income tax includes the following specific expenses:				
Expenses				
Borrowing costs expense				
Interest:				
- Non-related entities	23	32	10	19
Share of (Net Profits) / Losses of joint venture partnership				
Share of joint venture company's operating loss / (profit) after income tax (Note 7)	(210)	207	-	-
Expenses from ordinary activities, excluding borrowing costs expense:				
Net movement in provision for doubtful debts in respect of amounts receivable from:				
- Non-related entities	351	288	351	-
Depreciation of property, plant & equipment	908	821	731	435
Loss on disposal of property, plant & equipment	-	63	-	63
Unrealised loss on revaluation of investment in controlled entities	-	-	8,556	4,449
Operating lease rental expenses:				
- Non-related entities	3,859	3,141	3,416	2,465
Provisioning for surplus lease space	(472)	93	(472)	93
Occupancy	1,334	1,725	872	1,132
Net transfers to / (from) provisions:				
- Long service leave	50	(585)	9	(75)
- Annual leave	1,075	251	762	1,190
Salaries and related expenses	21,270	26,099	14,131	15,516
Commission and management fees				
- Controlled entities	-	-	4,287	7,302
- Non-related entities	19,507	13,407	8,250	3,812
Professional Fees	6,342	5,510	4,782	3,974
Marketing	2,238	2,678	1,545	2,029
Health benefits paid (Note 1(m))	13,371	5,394	-	-
Deferred acquisition costs amortisation	3,796	6,301	3,544	4,777
Computer maintenance and support	4,417	4,786	3,274	2,779
Other expenses from ordinary activities	6,749	5,679	5,201	4,159
Total expenses from ordinary activities, excluding borrowing costs expense	84,795	75,651	59,239	54,100

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
3. OPERATING PROFIT (continued)				
Profit from ordinary activities before income tax includes the following individually significant items:				
Gains				
Dividend - controlled entity	-	-	8,000	-
Change in excess of net market value over net assets of controlled entities	4,570	-	-	-
Sale of Trustees Group	1,679	-	-	-
Profit from sale of superannuation business	-	-	9,037	-
	6,249	-	17,037	-
Expenses				
Unrealised loss on revaluation of investment in controlled entities	-	-	8,556	4,449
Deferred acquisition costs amortisation (Note 1(l))	3,796	6,301	3,544	4,777
Debt forgiveness	-	1,809	-	1,809
Restructure expenses	-	978	-	819
	3,796	9,088	12,100	11,854
4. INCOME TAX				
Profit / (loss) from ordinary activities before income tax	7,322	(6,111)	10,856	(5,574)
a. Prima facie income tax (expense) / benefit calculated on profit / (loss)	(1,869)	2,202	-	141
Permanent differences				
Share of tax credits with benefit funds				
- relating to current year (i)	247	4,558	247	4,558
- relating to prior year	2,064	5,243	2,064	5,243
(Non-deductible expenditure) / non assessable income	576	(21)	-	-
Over / (under) provision in prior years	157	(201)	-	-
Other	(308)	(4)	-	-
Net adjustment to future income tax benefit and deferred income tax to reflect the decrease in company tax rate	(60)	(96)	-	-
Income tax benefit	807	11,681	2,311	9,942

(i) The tax treatment of the Company changed effective from 1 July 2000. The effect of the resultant changes is a reduction in the tax credits recognised by the Company.

4. INCOME TAX (continued)

Adjustment to deferred tax balances

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000-2001 income tax year and then to 30% for the 2001-2002 income tax year was announced on 21 September 1999 and received Royal Assent on 10 December 1999. As a consequence, deferred income tax balances which are expected to reverse in the 2001-2002 or a later income tax year have been remeasured using the new rate.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
b. Future income tax benefits carried forward comprise:				
Timing differences	779	720	-	-
Tax losses	93	1,929	-	-
	872	2,649	-	-
Reconciliation of the carrying amounts of future income tax benefits at the beginning and end of the current and previous financial year are set out below:				
Carrying amount at start of year	2,649	343	-	-
Amount arising during the year	(65)	2,402	-	-
Amount written off	(1,660)	-	-	-
Adjustment due to tax rate change	(52)	(96)	-	-
Carrying amount at end of year	872	2,649	-	-
c. Certain future income tax benefits have not been recognised as an asset:				
Attributable to timing differences, the benefits which are not assured beyond reasonable doubt.	1,522	7,069	-	-
Attributable to tax losses, the benefits which are not virtually certain.	3,361	-	-	-
	4,883	7,069	-	-

The future income tax benefits will only be realised if:

- (i) the IOOF Group derives assessable income of a nature and of sufficient amount to enable the benefit from the deductions to be realised;
- (ii) the IOOF Group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) there is no change in legislation which would affect the IOOF Group's ability to realise the benefit.

Future benefits of tax losses have been brought to account where there is virtual certainty as to their recovery.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
5. RECEIVABLES				
Current				
Receivables	17,627	5,796	15,036	1,739
Provision for doubtful debts	(351)	(231)	(351)	-
	17,276	5,565	14,685	1,739
Interest receivable	19	88	8	56
Interest receivable - Directors of controlled entities (Note 23 (c))	11	7	-	-
Rent receivable	59	195	59	195
Amounts receivable from controlled entities	-	-	1,602	4,455
Amounts receivable from other related parties	5,983	2,587	5,369	2,074
Distributions receivable	466	612	320	500
Dividends receivable	115	154	115	154
	23,929	9,208	22,158	9,173
Non-Current				
Receivables	1,341	1,606	250	48
Provision for diminution	(410)	(300)	-	-
Provision for doubtful debts	-	(105)	-	-
	931	1,201	250	48
Loans to directors of controlled entities (Note 23 (c))	142	140	-	-
Amounts receivable from controlled entities	-	-	-	941
	1,073	1,341	250	989
6. CURRENT TAX ASSETS				
Current				
Tax credits from benefit funds	-	3,190	-	3,190
Tax refund due	71	-	-	-
	71	3,190	-	3,190
7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Non-Current				
Shares in joint venture partnership	503	293	500	500
Reconciliation of carrying amounts:				
At beginning of financial year	293	500		
Add share of operating profit / (loss) after income tax	210	(207)		
	503	293		

The Company has a 50% interest in a joint venture company, Bendigo Investment Services Ltd, whose principal activity is to provide financial planning services.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
8. OTHER FINANCIAL ASSETS				
Current				
Non-quoted securities				
Unlisted unit trusts - other related parties (Note 23(c))	43,559	23,109	29,863	7,400
	43,559	23,109	29,863	7,400
Non-Current				
Quoted securities				
Equity investments	15,727	18,204	15,672	18,204
Non-quoted securities				
Regulatory deposits	108	80	-	-
Commonwealth bonds	-	20	-	-
Unlisted unit trusts	150	150	-	-
Investments in controlled entities (Note 8(a))	-	-	52,857	17,013
Shares in other corporations	200	16	200	-
Mortgage securities	225	871	225	871
Equity investment in member funds	7,192	7,192	7,192	7,192
	23,602	26,533	76,146	43,280
Total Investments	67,161	49,642	106,009	50,680
a. Investments in controlled entities comprise:				
Investments at net market valuation (2000: at directors' valuation)	-	-	52,857	17,013

The significant increase in investment in controlled entities was due to the issue of capital by IOOF Investment Management Limited as consideration for the purchase of the superannuation business from IOOF Ltd and to fund the next twelve months of IOOF Investment Management Limited's capital requirements.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
9. OTHER ASSETS				
Current				
Prepayments	319	312	279	241
Lease bond deposit	13	13	13	13
Deferred acquisition costs	1,848	1,459	-	1,459
	2,180	1,784	292	1,713
Non-Current				
Excess of net market value over net assets of controlled entities	4,570	-	-	-
Deferred acquisition costs	6,174	1,384	-	1,384
	10,744	1,384	-	1,384
10. PROPERTY, PLANT AND EQUIPMENT				
Non-Current				
Land				
Freehold land				
At Directors' valuation (2000) (Note 10(i))	-	2,250	-	2,250
Buildings				
At Directors' valuation (2000) (Note 10(i))	-	7,763	-	7,763
Accumulated depreciation	-	-	-	-
	-	7,763	-	7,763
Plant and Equipment				
Cost	4,766	10,919	1,504	8,216
Accumulated depreciation	(305)	(8,222)	(35)	(5,930)
	4,461	2,697	1,469	2,286
Total Property, Plant & Equipment	4,461	12,710	1,469	12,299

(i) During the year, the St Kilda head office and the Bourke Street properties were sold.

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Reconciliations				
Consolidated - 2001				
Carrying amount at start of year	2,250	7,763	2,697	12,710
Additions	-	-	5,197	5,197
Disposals	(2,250)	(7,698)	(2,590)	(12,538)
Depreciation / amortisation (Note 3)	-	(65)	(843)	(908)
Carrying amount at end of year	-	-	4,461	4,461
Consolidated - 2000				
Carrying amount at start of year	3,325	4,432	1,303	9,060
Additions	-	-	2,453	2,453
Disposals	-	-	(329)	(329)
Revaluation increments / (decrements)	(1,075)	3,422	-	2,347
Depreciation / amortisation (Note 3)	-	(91)	(730)	(821)
Carrying amount at end of year	2,250	7,763	2,697	12,710
Parent Entity - 2001				
Carrying amount at start of year	2,250	7,763	2,286	12,299
Additions	-	-	4,392	4,392
Disposals / transfers	(2,250)	(7,698)	(4,543)	(14,491)
Depreciation / amortisation (Note 3)	-	(65)	(666)	(731)
Carrying amount at end of year	-	-	1,469	1,469
Parent Entity - 2000				
Carrying amount at start of year	3,325	4,432	1,213	8,970
Additions	-	-	1,481	1,481
Disposals	-	-	(64)	(64)
Revaluation increments / (decrements)	(1,075)	3,422	-	2,347
Depreciation / amortisation (Note 3)	-	(91)	(344)	(435)
Carrying amount at end of year	2,250	7,763	2,286	12,299

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
11. PAYABLES				
Current				
Accounts payable	7,934	6,497	5,313	4,516
Interest payable	-	3	-	3
Amounts payable to controlled entities	-	-	21,780	367
Amounts payable to other related parties	2,358	214	1,953	-
	10,292	6,714	29,046	4,886
12. INTEREST BEARING LIABILITIES				
Current				
Unsecured				
Bank overdraft	-	227	-	-
	-	227	-	-
13. CURRENT TAX LIABILITIES				
Provision for income tax	1,309	595	999	-
14. PROVISIONS				
Current				
Provision for annual leave	1,533	1,772	1,220	1,313
Provision for long service leave	129	407	74	138
Provision for Directors' retirement	-	86	-	86
Provision for surplus leased space	63	364	63	364
Provision for contributions in advance	2,502	2,246	-	-
Provision for outstanding claims	2,200	1,590	-	-
Provision for IT projects	510	246	510	246
Other provisions	2,624	1,008	2,349	320
	9,561	7,719	4,216	2,467
Non-Current				
Provision for long service leave	522	334	346	268
Provision for Directors' retirement	308	257	308	257
Provision for surplus leased space	-	170	-	170
Other provisions	1,672	1,038	-	42
	2,502	1,799	654	737
Employee Numbers				
Number of employees at the end of the financial year	264	292	197	212
15. DEFERRED TAX LIABILITIES				
Non-Current				
Provision for deferred income tax	361	1,611	-	917

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
16. RESERVES AND RETAINED PROFITS				
a. Reserves				
Asset revaluation reserve	-	6,562	3,087	11,138
General reserve	35	38	35	38
Solvency Reserve No. 2	-	6,723	-	6,723
	35	13,323	3,122	17,899
Movements:				
Asset revaluation reserve				
Balance at beginning of financial year	6,562	6,562	11,138	11,138
Transfer to Retained Earnings	(6,562)	-	(8,051)	-
Balance at end of financial year	-	6,562	3,087	11,138

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance standing to the credit of the reserve may be used for distributions to Members. During the year, the balance of the asset revaluation reserve in relation to IOOF Building Society and IOOF Retirement Services Pty Ltd was transferred to retained earnings.

General Reserve				
Balance at beginning of financial year	38	44	38	44
Payments from reserve	(3)	(6)	(3)	(6)
Balance at end of financial year	35	38	35	38

The general reserve has been created to allow for payment of member claims on behalf of merged traditional funds which cannot be met by continuing funds.

Solvency Reserve No. 2				
Balance at beginning of financial year	6,723	6,428	6,723	6,428
Net transfer from / (to) Retained Earnings	(6,723)	295	(6,723)	295
Balance at end of financial year	-	6,723	-	6,723

The purpose of Solvency Reserve No. 2 was to cover any potential shortfall in relation to the OST Friendly Society frozen funds. Following regulatory advice, the balance of this reserve was released to retained earnings as it was no longer required.

b. Retained Profits				
Balance at the beginning of financial year	78,950	69,962	69,373	64,402
Net profit attributable to members of IOOF Ltd	8,130	5,571	13,167	4,368
Transfer from Asset Revaluation Reserve	6,562	-	8,051	-
Inclusion of IOOF Health Benefits Fund	-	3,712	-	-
Transfer from / (to) Solvency Reserve No. 2	6,723	(295)	6,723	(295)
Transfer from IOOF Community Villages Friendly Society	-	-	-	898
Balance at end of financial year	100,365	78,950	97,314	69,373

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
17. OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITIES				
Interest in:				
Share capital	147	145		
Retained profits	6	7		
	153	152		
18. AUDITORS' REMUNERATION				
a. Auditing the financial reports				
i. PricewaterhouseCoopers				
Parent entity	220	101	220	101
Controlled entities	114	49	4	-
Other related parties	236	149	67	60
ii. Deloitte Touche Tohmatsu				
Parent entity	-	24	-	24
Controlled entities	-	71	-	-
Other related parties	4	53	-	-
iii. Other auditors				
Controlled entities	2	-	-	-
	576	447	291	185
b. Other services				
i. PricewaterhouseCoopers				
Parent entity	547	161	547	161
Controlled entities	119	53	-	-
Other related parties	70	92	3	-
ii. Deloitte Touche Tohmatsu				
Parent entity	-	95	43	95
Controlled entities	43	62	-	-
Other related parties	-	111	-	-
iii. Other auditors				
Controlled entities	-	42	-	30
	779	616	593	286

19. CONTINGENT LIABILITIES

The Company has guaranteed the member deposits and accrued bonuses of the IOOF Approved Deposit Fund, IOOF Management Investment Trust and OST Super Bond. No payment to support this capital guarantee has ever been required and none is expected.

The Company, jointly and severally with IOOF Community Villages Ltd, has given a warranty capped at \$3.75 million in relation to the sale of the Cumberland View Retirement Village and Nursing Home, the Riverwood Retirement Village and the Glendale Hostel. This warranty expires on 31 August 2001.

IOOF Investment Management Limited, a controlled entity within the IOOF Group, in its capacity as a sponsored holder in the CHESSE system, has been issued a guarantee by Westpac Bank totalling \$250,000.

IOOF Investment Management Limited, under a deed of arrangement dated 18 August 1999 and a subsequent agreement with its controlled entity, Perennial Investment Partners Limited, is obliged to make available funds to a maximum of \$29,249,000 over a 4 year period. Amounts paid to date to Perennial Investment Partners Limited to finance the latter's operating expenses amount to \$10,343,823. Therefore, at 30 June 2001, the maximum available to be drawn is \$18,905,177. Under the terms of the agreement, the timing and amount of funds provided, will be determined by the controlled entity.

19. CONTINGENT LIABILITIES (continued)

Perennial Investment Partners Limited, under a deed of arrangement dated 4 February 2000 with its controlled entity, Perennial Value Management Limited, is obliged to make available funds to a maximum of \$2,230,000 over a 3 year period to finance the latter's operating expenses. The timing of provision of such funds will be determined by Perennial Investment Partners Limited. As at 30 June 2001, the total maximum available to be drawn is \$1,611,120.

Perennial Investment Partners Limited is also obliged to procure the provision of funds for Perennial Value Management Limited to manage, in amounts equal to 50% of the Australian Equities fund managed by Perennial Investment Partners Limited in the years commencing 1 April 2003 and 1 April 2004. Alternatively, Perennial Investment Partners Limited may choose to provide direct funding to Perennial Value Management Limited equal to \$887,000 and \$889,000 for those years respectively, less any amounts of revenue received by Perennial Value Management Limited from other sources.

Perennial Investment Partners Limited under a deed of arrangement dated 27 April 2000 with its controlled entity, Perennial Investment Partners Asia Limited is obliged to make available funds to a maximum of \$510,000 over a 3 year period. In accordance with the provisions of the deed, these funds will be provided by way of subscription of A Class shares, and the funds will be employed to finance Perennial Investment Partners Asia Limited's operating expenses. As at 30 June 2001, the remaining commitment amounts to \$306,000.

Security Management Services Pty Ltd has given a warranty capped at \$2,500,000 in relation to the sale of the Trustee Group of companies. IOOF Ltd has guaranteed the warranty provided by Security Management Services Pty Ltd. The warranty and guarantee expire on 15 September 2002.

The IOOF Group does not have any other contingent liabilities or claims of a material nature which have not already been dealt with in these financial statements.

20. CAPITAL COMMITMENTS

There were no material commitments for capital expenditure at 30 June 2001.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
21. OTHER COMMITMENTS				
Non-cancellable operating lease commitments and hire expenditure payable:				
- not later than one year	3,132	3,289	3,038	2,902
- later than one year, not later than two years	2,012	2,284	1,917	1,897
- later than two years, not later than five years	3,234	3,158	3,070	2,528
- later than five years	-	-	-	-
	8,378	8,731	8,025	7,327

Included in the above are commitments in relation to surplus leased space which have been expensed during the current financial year (refer Note 3).

22. DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors' Remuneration

The Directors of the Company during the financial year were:

Mr L A Bytheway	Ms K D Spargo
Dr R N Sexton	Mr R J Turner – Managing Director
Mr M U R Crivelli – Executive Director	Mr D Jury (retired 19 July 2000)
Mr M W Parkinson, C.B.E.	Mr I Blair (appointed 28 November 2000)
Dr N L Scheinkestel	Mr L L'Huillier (appointed 15 March 2001)
Mr R J Schoer	

	2001 \$'000	2000 \$'000
Directors of the Company (Group Board) as listed above		
Total of the fees paid and payable to Non-Executive Directors in respect of the management of the affairs of the Company. Directors' fees approved at the Annual General Meeting held on 14 November 2000 were \$480,000.	427	354
Other benefits (superannuation and health insurance) paid and payable to Non-Executive Directors in respect of the management of the affairs of the Company.	42	32
Total remuneration paid and payable to Non-Executive Directors in respect of the management of the affairs of related parties, controlled entities and their committees.	61	79
	530	465
Total remuneration paid and payable to Executive Directors in respect of the management of the affairs of the Company, related parties, controlled entities and committees.	803	786
	1,333	1,251
Number of Non Executive Directors: 9 (2000: 7)		
Number of Executive Directors: 2 (2000: 2)		
Other Directors (Controlled Entities)		
Total remuneration paid and payable to Non-Executive Directors (other than Company Directors) in respect of the management of the affairs of related parties, controlled entities and committees.	59	54
Total remuneration paid and payable to Executive Directors in respect of the management of the affairs of related parties, controlled entities and committees.	1,184	883
	2,576	2,188
Retirement Benefits of Directors		
Total retirement benefits paid and payable to Non-Executive Directors of the Company, by the Company or by controlled entities or by any related party.	21	86

22. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

Directors' Remuneration (continued)

Number of Directors of the Company whose income from the Company or from controlled entities or from any related party was within the following bands (including salaries of Executive Directors):

	2001 Number	2000 Number
\$ 10,000 - \$ 19,999	1	-
\$ 30,000 - \$ 39,999	-	2
\$ 40,000 - \$ 49,999	1	-
\$ 50,000 - \$ 59,999	1	4
\$ 60,000 - \$ 69,999	5	-
\$ 80,000 - \$ 89,999	-	1
\$ 130,000 - \$ 139,999	1	-
\$ 210,000 - \$ 219,999	1	-
\$ 240,000 - \$ 249,999	-	1
\$ 540,000 - \$ 549,999	-	1
\$ 580,000 - \$ 589,999	1	-
	11	9

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	Company 2001 \$'000	Company 2000 \$'000
Executives' Remuneration				
The aggregate remuneration of executive officers of the Company receiving \$100,000 or more from the Company or from controlled entities or from any related party including termination payments.			2,773	2,234
The aggregate remuneration of executive officers of the economic entity receiving \$100,000 or more from the entity for which they are executive officers or from any related party including termination payments.	4,169	3,624		

22. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)**Executives' Remuneration (continued)**

Number of executive officers of the Group whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000):

	2001 Number	2000 Number
\$ 100,000 - \$ 109,999	-	1
\$ 110,000 - \$ 119,999	2	-
\$ 120,000 - \$ 129,999	1	-
\$ 140,000 - \$ 149,999	2	2
\$ 150,000 - \$ 159,999	-	4
\$ 160,000 - \$ 169,999	1	1
\$ 170,000 - \$ 179,999	-	1
\$ 180,000 - \$ 189,999	1	2
\$ 190,000 - \$ 199,999	1	-
\$ 200,000 - \$ 209,999	3	-
\$ 210,000 - \$ 219,999	1	-
\$ 220,000 - \$ 229,999	1	1
\$ 230,000 - \$ 239,999	1	-
\$ 240,000 - \$ 249,999	1	1
\$ 270,000 - \$ 279,999	2	1
\$ 300,000 - \$ 309,999	1	2
\$ 540,000 - \$ 549,999	-	1
\$ 580,000 - \$ 589,999	1	-
	19	17

This schedule includes amounts paid as termination benefits to executives.

23. RELATED PARTIES

a. Identities of Related Parties

Controlled entities are detailed in Note 24.

Directors are detailed in Note 22.

b. Controlled Entities

The following related party transactions occurred during the year:

- Payment of management fees on normal terms and conditions.
- Provision of administrative services to and from controlled entities based on cost and/or agreed charges. Services include accounting, secretarial, payroll, taxation, group management, legal, computer and investment management.
- Provision of office accommodation on normal terms and conditions.
- Reimbursement of expenses and disbursements made on behalf of controlled entities.
- Loan facilities made at market rates.
- Commission paid on normal terms and conditions.
- Receipt of dividend from controlled entity.
- Subscription of shares in controlled entities.
- Sale of superannuation business to controlled entity.

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
c. Other Related Parties				
Investments in related party trusts:				
IOOF Wholesale Cash & Short Term Securities Trust (Company: 2001: 28,177,856 units, 2000: 5,803,563 units)	43,559	19,650	29,863	6,125
IOOF Flexi Trust Cash & Short Term Securities Trust (Company: 2001: nil units, 2000: nil units)	-	2,184	-	-
IOOF Flexi Trust International Trust (Company: 2001: nil units, 2000: 1,106,521 units)	-	1,275	-	1,275
	43,559	23,109	29,863	7,400
Unsecured Loans to Executive Directors of Controlled Entities:				
The aggregate value of loans to Executive Directors of controlled entities at balance date amounted to:	142	140	-	-
Interest revenue on loans referred to above	11	7	-	-
Loans made to Directors of controlled entities during the year:	2	140	2	140

Directors who received the loans referred to were Mr M Crivelli, Mr I Macoun, Mr K Series, Mr A Hodges and Mr J Murray.

23. RELATED PARTIES (continued)

d. Other transactions entered into during the year with Directors and their Director-related entities

During the financial year, consulting services were provided to the IOOF Group by a director-related entity. The entity, Beston Pacific Corporation Ltd, has Dr R N Sexton as a director. During the year, an amount of \$3,522 (2000: \$95,287) was paid for services provided by Beston Pacific Corporation Ltd. The services were provided in the normal course of business and on commercial terms and conditions.

In May 2000, IOOF Ltd entered into an agreement to develop and part fund a new ethical investment research group, Sustainable Investment Research Institute Pty Ltd (SIRIS). A foundation shareholder of SIRIS is a relative of Mr L A Bytheway, a director of IOOF Ltd. At year end, IOOF held a 20% interest in SIRIS (2000: 50% interest). A loan of \$9,994 was made to SIRIS during the previous year and this loan was repaid during the year.

e. Ultimate parent entity

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

	Company's Equity Holding	
	2001 %	2000 %
24. CONTROLLED ENTITIES		
Parent entity:		
IOOF Ltd		
Controlled entities:		
IOOF Community Villages Ltd	100.0	100.0
IOOF Retirement Services Pty Ltd	100.0	100.0
Winchcombe Carson Financial Planning Pty Ltd	100.0	100.0
IOOF Investment Management Limited	100.0	100.0
IOOF Funds Management Ltd	100.0	100.0
Perennial Investment Partners Limited	71.2	73.9
Perennial Value Management Limited	53.4	55.4
Perennial Investment Partners Asia Limited	70.5	-
IOOF Health Services Ltd	100.0	-
Independent Order of Odd Fellows Pty Ltd	100.0	100.0
Security Management Services Pty Ltd	100.0	100.0
IOOF Australia Trustees (NSW) Limited *	-	100.0
Winchcombe Carson Trustee Co (Canberra) Ltd *	-	100.0
IOOF Australia Trustees Limited *	-	100.0
Bowman Manser & Associates Pty Ltd	100.0	100.0
Pinnacle Partners Pty Ltd (formerly Bowman Manser Financial Planning Pty Ltd)	100.0	100.0
Bagots Executor & Trustee Company Ltd *	-	100.0
Bagots Nominees Pty Ltd *	-	100.0
Mandarin Centre Nominees Pty Ltd	100.0	100.0

All companies are incorporated and carry on business in Australia.

* The Company disposed of these controlled entities during the year.

24. CONTROLLED ENTITIES (continued)

- a. During the financial year, the Company subscribed \$39,400,000 for shares issued by IOOF Investment Management Limited (2000: \$6,500,000). The purpose of the issue was to allow IOOF Investment Management Limited to pay consideration for purchase of the superannuation business from IOOF Ltd and to allow IOOF Investment Management Limited to continue to meet its capital requirement as Single Responsible Entity under the Managed Investments Act 1998 .
- b. During the year, IOOF Health Services Ltd changed tax status from a tax exempt to a tax paying entity. IOOF Ltd subscribed \$5,000,000 for shares issued by IOOF Health Services Ltd.
- c. During the financial year, IOOF Investment Management Limited subscribed \$300,000 for preference shares issued by Perennial Investment Partners Limited (2000: \$100,000 for ordinary shares and \$400,000 for preference shares).
- d. The investment in Perennial Value Management Limited is through Perennial Investment Partners Limited which directly holds a 75% (2000: 75%) shareholding in Perennial Value Management Limited.
- e. The investment in Perennial Investment Partners Limited is through IOOF Investment Management Limited which directly holds a 71.2% (2000: 73.9%) shareholding in Perennial Investment Partners Limited. The change in shareholding arose from a transfer of interests to additional shareholders.
- f. During the year, the Company, through its controlled entity Perennial Investment Partners Limited which holds a 99% direct shareholding in Perennial Investment Partners Asia Limited, acquired a 70.5% indirect shareholding interest in Perennial Investment Partners Asia Limited.
- g. Security Management Services Pty Ltd has an interest of 90.9% by value in the issued units of the IOOF Split Property Trust (2000: 90.9%).
- h. Security Management Services Pty Ltd holds a 50% direct interest (2000: Nil%) in the issued share capital of Pinnacle Partners Pty Ltd (formerly Bowman Manser Financial Planning Pty Ltd). In the previous year, this interest was held by IOOF Australia Trustees Ltd but was transferred to Security Management Services Pty Ltd prior to the sale of the Trustees Group. The remaining 50% (2000: 50%) of Pinnacle Partners Pty Ltd issued share capital is owned by Bowman Manser & Associates Pty Ltd (itself a controlled entity of Security Management Services Pty Ltd) in whose books the shares are recorded at the 1999 Directors' valuation, based on net assets of \$38,903. Bowman Manser & Associates Pty Ltd has been placed into Members' Voluntary Liquidation.
- i. The company sold its controlled entities within the Trustees Group (Note 26(d)) to Tower Trust Limited on 25 July 2000.

25. SEGMENT INFORMATION

- a. Revenue was derived from the following products and facilities:
 - i. Financial Services - management of a range of financial products including single and multi-premium investments, superannuation, approved deposit funds, immediate and deferred annuities and investment trusts and portfolio administration services. Independent financial planning and investment advisory services are also provided.
 - ii. Health Services - the provision of health insurance;
 - iii. Trustees Group - the provision of trustees, executors, attorneys, agents, investment and other fiduciary services (Settlement on sale of Trustees Group was 15 September 2000).
- b. The IOOF Group derives its income in one geographic area, Australia.

	Financial Services \$'000	Health Services \$'000	Trustees Group \$'000	IOOF GROUP \$'000
c. Segment Information - 2001				
Revenue				
Management fee income	42,073	-	74	42,147
Investment income	4,597	575	71	5,243
Commission income	11,609	-	538	12,147
Property income	1,678	-	-	1,678
Premium income	-	16,849	-	16,849
Profit on disposal of business	-	-	1,679	1,679
Change in excess of net market value over net assets	4,570	-	-	4,570
Unrealised gains on investments	4,658	17	-	4,675
Other income	319	2,221	402	2,942
Total Segment Revenue	69,504	19,662	2,764	91,930
Segment profit from ordinary activities before income tax	3,791	3,225	306	7,322
Total Segment Assets	113,670	10,908	-	124,578
d. Segment Information - 2000				
Revenue				
Management fee income	37,072	-	-	37,072
Investment income	3,463	217	290	3,970
Commission income	10,854	50	2,808	13,712
Property income	1,211	-	19	1,230
Premium income	-	6,145	-	6,145
Unrealised gains on investments	3,463	48	-	3,511
Other income	149	1,305	2,685	4,139
Total Segment Revenue	56,212	7,765	5,802	69,779
Segment profit from ordinary activities before income tax	(7,961)	951	899	(6,111)
Total Segment Assets	99,422	9,258	2,410	111,090

Comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

26. NOTES TO THE STATEMENTS OF CASH FLOWS

a. Reconciliation of cash assets

For the purpose of the statements of cash flows, cash includes cash on hand and in banks, deposits at call, including unit investments readily convertible to cash and subject to insignificant risk of changes in value, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
Deposits on call	2,732	20,482	1,941	15,689
Short term bank bonds	60	167	-	-
Cash	10,792	8,240	2,732	662
	13,584	28,889	4,673	16,351
Units in IOOF Wholesale Cash & Short Term Securities Trust	43,559	19,650	29,863	6,125
Units in IOOF Flexi Cash & Short Term Securities Trust	-	2,184	-	-
Bank overdraft	-	(227)	-	-
	57,143	50,496	34,536	22,476

b. Reconciliation of net cash provided by / (used in) operating activities to profit from ordinary activities after income tax

Profit from ordinary activities after tax	8,129	5,570	13,167	4,368
(Profit) / loss on disposal of non-current assets	(38)	57	(38)	63
(Profit) / loss on disposal of businesses	(1,679)	-	(9,037)	-
Share of loss / (profit) in associated investment	(210)	207	-	-
Net revaluation of investments	(4,815)	(1,290)	(4,710)	3,209
Net revaluation of non-current assets	(4,570)	(2,346)	8,556	(2,346)
Depreciation of non-current assets	908	821	731	435
Write off of bad debts	-	2	-	-
Increase / (decrease) in tax assets				
Increase / (decrease) in income tax payable	1,116	(6,255)	999	-
Increase / (decrease) in deferred income tax payable	(1,198)	417	(917)	802
(Increase) / decrease in future income tax benefit	1,831	(2,386)	-	-
(Increase) / decrease in income tax benefit	3,189	(2,818)	3,190	(2,818)
Changes in net operating assets and liabilities:				
(Increase) / decrease in current receivables	(8,918)	(2,449)	(7,950)	(4,367)
(Increase) / decrease in other current assets	(392)	230	1,421	(59)
(Increase) / decrease in non-current receivables	1,402	1,239	941	-
(Increase) / decrease in other non-current assets	(4,788)	985	1,384	412
Increase / (decrease) in current payables	486	(1,327)	3,277	(2,116)
Increase / (decrease) in current provisions	2,778	(468)	1,749	(1,122)
Increase / (decrease) in other current liabilities	-	(93)	-	(93)
Increase / (decrease) in non-current provisions	(140)	(937)	(83)	(1,068)
Net cash provided by / (used in) operating activities	(6,909)	(10,841)	12,680	(4,700)

26. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

c. Cash not available for use

The following cash amounts are not available for use by the parent entity or any controlled entity:

\$108,000 is held in cash to satisfy minimum net tangible assets and dealers licence requirements (2000: \$100,000).

	IOOF GROUP 2001 \$'000	IOOF GROUP 2000 \$'000	COMPANY 2001 \$'000	COMPANY 2000 \$'000
d. Business Disposal				
During the year, the economic entity disposed of its Trustee business. Details of the disposal are as follows:				
Consideration				
Cash	8,755	-	-	-
Net Cash Inflow on Disposal				
Cash	8,755	-	-	-
Less cash balances disposed	(6,279)	-	-	-
	2,476	-	-	-
Book Value of Assets Sold				
Current Assets				
Cash	6,279	-	-	-
Receivables	1,923	-	-	-
Investments	7	-	-	-
Non-Current Assets				
Plant and equipment	850	-	-	-
Future income tax benefit	92	-	-	-
Current Liabilities				
Accounts payable	(159)	-	-	-
Deferred tax liabilities	(146)	-	-	-
Provisions	(456)	-	-	-
Net assets disposed	8,390	-	-	-

27. FINANCIAL INSTRUMENTS

a. Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

b. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The carrying amount of financial assets recorded in the statement of financial position, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Group does not have any significant credit risk exposure to any single counterparty.

c. Interest Rate Risk

The following table details the Group's exposure to interest rate risk as at the reporting date:

2001	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate		Non Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000		
Financial Assets						
Cash & cash equivalents	4.450	13,584	-	-	-	13,584
Units in IOOF Wholesale & Flexi Trusts (i)	-	-	-	-	43,559	43,559
Receivables	-	-	-	-	24,873	24,873
Loans to directors	7.550	142	-	-	-	142
Mortgages	7.000	-	-	225	-	225
Investments in other corporations	-	-	-	-	350	350
Ordinary shares	-	-	-	-	15,727	15,727
Equity investment in member funds (ii)	-	-	-	-	7,192	7,192
Income tax benefit	-	-	-	-	(1,238)	(1,238)
		13,726	-	225	90,463	104,414
Financial Liabilities						
Accounts payable	-	-	-	-	10,292	10,292
Provisions	-	-	-	-	4,806	4,806
		-	-	-	15,098	15,098
Net Financial Assets		13,726	-	225	75,365	89,316

(i) These investments are priced daily and gains or losses on investments are reflected as movements in market value.

(ii) The equity investment in member funds is subject to an interim non guaranteed bonus rate.

27. FINANCIAL INSTRUMENTS (continued)

2000	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate		Non Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000		
Financial Assets						
Cash & cash equivalents	5.590	28,889	-	-	-	28,889
Units in IOOF Wholesale & Flexi Trusts (i)	-	-	-	-	23,109	23,109
Receivables	-	-	-	-	10,422	10,422
Loans to directors	6.645	140	-	-	-	140
Mortgages	7.000	-	-	223	648	871
Investments in other corporations	-	-	-	-	166	166
Ordinary shares	-	-	-	-	18,204	18,204
Equity investment in member funds (ii)	-	-	-	-	7,192	7,192
Income tax benefit	-	-	-	-	2,595	2,595
		29,029	-	223	62,336	91,588
Financial Liabilities						
Bank overdraft	9.250	227	-	-	-	227
Accounts payable	-	-	-	-	6,714	6,714
Provisions	-	-	-	-	2,378	2,378
		227	-	-	9,092	9,319
Net Financial Assets		28,802	-	223	53,244	82,269

- (i) These investments are priced daily and gains or losses on investments are reflected as movements in market value.
- (ii) The equity investment in member funds is subject to an interim non guaranteed bonus rate.

	2001 \$'000	2000 \$'000
Reconciliation of Net Financial Assets to Net Assets		
Net financial assets as above	89,316	82,269
Non financial assets and liabilities:		
Regulatory deposits	108	100
Investment in associated company	503	293
Provision for contributions in advance	(2,502)	(2,246)
Provision for outstanding claims	(2,200)	(1,590)
Deferred acquisition costs	8,022	2,843
Excess of net market value over net assets of controlled entities	4,570	-
Prepayments	319	312
Property, plant & equipment	4,461	12,710
Future income tax benefits	872	2,649
Provision for leave entitlements	(2,184)	(2,513)
Provision for surplus leased space	(63)	(534)
Provision for Directors' retirement	(308)	(257)
Provision for deferred income tax	(361)	(1,611)
Net assets per Statement of Financial Position	100,553	92,425

27. FINANCIAL INSTRUMENTS (continued)

d. Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

28. TOTAL ASSETS UNDER MANAGEMENT AND ADMINISTRATION

In accordance with statutory requirements, each member fund is distinct and separate and accordingly, retained profits held in each member fund are not available for distribution to other members in the IOOF Group.

In addition to the assets controlled by the IOOF Group as reported in the consolidated financial statements, IOOF Group also manages other assets on behalf of other parties. Total assets under management and administration, not forming part of the financial statements, after eliminating appropriate inter-entity transactions and balances, are as follows:

	2001 \$'000	2000 \$'000
Assets under management per statutory statement of financial position (Note 29(a) & (b))	1,220,478	1,329,279
Unit Trusts & Other Managed Funds	529,820	463,167
Superannuation Master Fund	760,966	515,159
Portfolio management	347,161	106,066
Total Assets under Management and Administration	2,858,425	2,413,671

Assets under management in relation to estate administration and corporate trustees administration of \$2,116,053,000 were relinquished during the year as the result of the sale of the Trustee Group of companies.

The assets under management and administration detailed above do not include funds under advice relating to the Group's financial planning business.

29(a) BENEFIT FUNDS - ALLOCATED SURPLUS - 2001

	Value of Benefit Entitlements 01/07/00 \$'000	Mergers of Benefit Funds \$'000	Liability Component of Contributions \$'000	Withdrawals \$'000	Service Fees, Stamp Duties & Expenses \$'000
Supersaver - Capital Guaranteed Fund	597,582	-	7,282	(97,718)	(137)
Supersaver - Fixed Interest Fund	56,133	-	637	(11,179)	(36)
Supersaver - Australian Equities Fund	85,324	-	16,137	(8,165)	(76)
Supersaver - Capital Stable Fund	50,846	-	3,516	(11,392)	(60)
Supersaver - Balanced Fund	147,944	-	21,516	(18,334)	(158)
Supersaver - Mortgage Fund	3,366	-	-	(779)	-
Supersaver - Protection and Disability Fund	-	-	13,945	(13,945)	-
BT Investment Bond	192,899	-	275	(37,584)	-
Estate Essentials Bond	75,010	-	2,090	(3,588)	(128)
Capital Builder Bond	20,218	-	113	(5,454)	-
FLEXIBLE INSURANCE BENEFIT FUNDS	1,229,322	-	65,511	(208,138)	(595)
Consolidated Assurance Fund	1,254	-	-	(75)	-
Combined Assurance Fund	2,361	-	-	(203)	-
OST Assurance Benefit Fund	499	-	-	(45)	-
LIFE ASSURANCE BENEFIT FUNDS	4,114	-	-	(323)	-
Deferred Annuity - Capital Guaranteed Fund	20,423	-	135	(5,748)	(10)
Deferred Annuity - Managed Fund	46,201	-	745	(10,114)	(96)
Deferred Annuity - Capital Stable Fund	7,786	-	79	(2,554)	(19)
Deferred Annuity - Cash Management Fund	1,515	-	3	(625)	-
Guaranteed Personal Income Plan Fund	1,391	-	-	(319)	-
IOOF Term Annuity Fund	4,395	-	-	(969)	-
DEFERRED & IMMEDIATE ANNUITY FUNDS	81,711	-	962	(20,329)	(125)
Capital Guaranteed Superannuation Bond	5,719	-	120	(1,919)	(29)
SUPERANNUATION FUNDS	5,719	-	120	(1,919)	(29)
TOTAL MEMBERS' FUNDS	1,320,866	-	66,593	(230,709)	(749)

Allocation of Surplus	Member Liability Revaluation	Value of Benefit Entitlements 30/06/01
\$'000	\$'000	\$'000

18,838	-	525,847
1,523	-	47,078
10,150	-	103,370
2,195	-	45,105
8,671	-	159,639
95	-	2,682
-	-	-
5,595	-	161,185
3,895	-	77,279
906	-	15,783

51,868	-	1,137,968
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-	-	1,179
3	-	2,161
7	-	461

10	-	3,801
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987	-	15,787
3,389	-	40,125
342	-	5,634
41	-	934
-	-	1,072
-	-	3,426

4,759	-	66,978
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205	-	4,096
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205	-	4,096
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56,842	-	1,212,843
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29(a) BENEFIT FUNDS - STATEMENT OF FINANCIAL PERFORMANCE - 2001

	Unallocated Surplus 01/07/00	Net Investment Income	Revenue Component of Contributions	Other Income	Fees to Management Fund	Claims Expense	Member Liability Revaluation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supersaver - Capital Guaranteed Fund	-	37,411	51	97	(8,696)	-	-
Supersaver - Fixed Interest Fund	-	3,186	3	-	(785)	-	-
Supersaver - Australian Equities Fund	-	14,496	47	580	(1,487)	-	-
Supersaver - Capital Stable Fund	-	3,736	13	165	(743)	-	-
Supersaver - Balanced Fund	-	13,728	49	581	(2,397)	-	-
Supersaver - Mortgage Fund	-	207	-	-	(46)	-	-
Supersaver - Protection and Disability Fund	-	2	-	-	(2)	-	-
BT Investment Bond	895	10,775	11	-	(2,698)	-	-
Estate Essentials Bond	-	5,036	2	14	(1,145)	-	-
Capital Builder Bond	-	1,207	1	3	(278)	-	-
FLEXIBLE INSURANCE BENEFIT FUNDS	895	89,784	177	1,440	(18,277)	-	-
Consolidated Assurance Fund	-	73	-	-	-	-	-
Combined Assurance Fund	-	168	-	-	-	-	-
OST Assurance Benefit Fund	6	37	-	-	-	-	-
LIFE ASSURANCE BENEFIT FUNDS	6	278	-	-	-	-	-
Deferred Annuity - Capital Guaranteed Fund	194	1,218	-	3	(275)	-	-
Deferred Annuity - Managed Fund	-	4,042	2	176	(640)	-	-
Deferred Annuity - Capital Stable Fund	-	454	-	-	(100)	-	-
Deferred Annuity - Cash Management Fund	-	69	-	-	(14)	-	-
Guaranteed Personal Income Plan Fund	127	90	-	-	(21)	-	-
IOOF Term Annuity Fund	-	-	-	-	-	-	-
DEFERRED & IMMEDIATE ANNUITY FUNDS	321	5,873	2	179	(1,050)	-	-
Capital Guaranteed Superannuation Bond	-	336	4	-	(80)	-	-
SUPERANNUATION FUNDS	-	336	4	-	(80)	-	-
TOTAL MEMBERS' FUNDS	1,222	96,271	183	1,619	(19,407)	-	-

Other Expenses	Income Tax Expense	Profit / loss after income tax	Surplus Allocated to Members	Transfers from Seed Capital	Transfers (to) / from Management Fund	Unallocated Surplus 30/06/01	Management Fund Seed Capital	Total Member Funds (Benefit Entitlements plus Unallocated Surplus)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(252)	(9,736)	18,875	(18,838)	-	-	37	6,617	532,501
(11)	(870)	1,523	(1,523)	-	-	-	-	47,078
(11)	(3,475)	10,150	(10,150)	-	-	-	-	103,370
(9)	(967)	2,195	(2,195)	-	-	-	-	45,105
(28)	(3,262)	8,671	(8,671)	-	-	-	-	159,639
(1)	(65)	95	(95)	-	-	-	-	2,682
-	-	-	-	-	-	-	-	-
(30)	(3,352)	4,706	(5,595)	-	-	6	-	161,191
(8)	-	3,899	(3,895)	-	-	4	-	77,283
(26)	-	907	(906)	-	-	1	475	16,259
(376)	(21,727)	51,021	(51,868)	-	-	48	7,092	1,145,108
-	(20)	53	-	-	-	53	-	1,232
-	(39)	129	(3)	-	-	126	-	2,287
(8)	(7)	22	(7)	-	-	21	-	482
(8)	(66)	204	(10)	-	-	200	-	4,001
(8)	(145)	793	(987)	-	-	-	-	15,787
(24)	(167)	3,389	(3,389)	-	-	-	-	40,125
(3)	(9)	342	(342)	-	-	-	-	5,634
(2)	(12)	41	(41)	-	-	-	-	934
(1)	-	68	-	-	-	195	-	1,267
-	-	-	-	-	-	-	-	3,426
(38)	(333)	4,633	(4,759)	-	-	195	-	67,173
(7)	(48)	205	(205)	-	-	-	100	4,196
(7)	(48)	205	(205)	-	-	-	100	4,196
(429)	(22,174)	56,063	(56,842)	-	-	443	7,192	1,220,478

29(a) BENEFIT FUNDS - STATEMENT OF FINANCIAL POSITION - 2001

	Cash & Cash Equivalents \$'000	Receivables \$'000	Securities \$'000	Loans & Advances \$'000	Other Investments \$'000	Other Assets \$'000	Total Assets \$'000
Supersaver - Capital Guaranteed Fund	4,739	24,339	491,799	20,993	483	237	542,590
Supersaver - Fixed Interest Fund	2,527	378	45,592	1,499	(4)	46	50,038
Supersaver - Australian Equities Fund	64	2,010	107,913	143	-	-	110,130
Supersaver - Capital Stable Fund	319	813	44,922	390	7	-	46,451
Supersaver - Balanced Fund	2,064	4,122	159,334	353	6	-	165,879
Supersaver - Mortgage Fund	440	8	1,157	1,127	-	-	2,732
Supersaver - Protection and Disability Fund	14	11	-	-	-	-	25
BT Investment Bond	110,962	53,308	-	-	-	-	164,270
Estate Essentials Bond	1,543	3,635	72,153	-	45	-	77,376
Capital Builder Bond	1,322	655	14,321	-	11	-	16,309
FLEXIBLE INSURANCE BENEFIT FUNDS	123,994	89,279	937,191	24,505	548	283	1,175,800
Consolidated Assurance Fund	1,246	7	-	-	-	-	1,253
Combined Assurance Fund	2,315	42	-	-	-	-	2,357
OST Assurance Benefit Fund	560	19	-	-	-	-	579
LIFE ASSURANCE BENEFIT FUNDS	4,121	68	-	-	-	-	4,189
Deferred Annuity - Capital Guaranteed Fund	476	643	14,798	-	12	3	15,932
Deferred Annuity - Managed Fund	359	645	39,935	-	(1)	-	40,938
Deferred Annuity - Capital Stable Fund	402	42	5,285	-	(8)	-	5,721
Deferred Annuity - Cash Management Fund	-	10	941	-	-	1	952
Guaranteed Personal Income Plan Fund	469	13	787	-	1	-	1,270
IOOF Term Annuity Fund	-	3	3,433	-	-	-	3,436
DEFERRED & IMMEDIATE ANNUITY FUNDS	1,706	1,356	65,179	-	4	4	68,249
Capital Guaranteed Superannuation Bond	477	91	3,703	-	6	-	4,277
SUPERANNUATION FUNDS	477	91	3,703	-	6	-	4,277
TOTAL MEMBERS' FUNDS	130,298	90,794	1,006,073	24,505	558	287	1,252,515

Liabilities	Net Assets	Members' Balances	Unallocated Surplus	Management Fund Seed Capital	Total Members' Funds
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(10,089)	532,501	525,847	37	6,617	532,501
(2,960)	47,078	47,078	-	-	47,078
(6,760)	103,370	103,370	-	-	103,370
(1,346)	45,105	45,105	-	-	45,105
(6,240)	159,639	159,639	-	-	159,639
(50)	2,682	2,682	-	-	2,682
(25)	-	-	-	-	-
(3,079)	161,191	161,185	6	-	161,191
(93)	77,283	77,279	4	-	77,283
(50)	16,259	15,783	1	475	16,259
(30,692)	1,145,108	1,137,968	48	7,092	1,145,108
(21)	1,232	1,179	53	-	1,232
(70)	2,287	2,161	126	-	2,287
(97)	482	461	21	-	482
(188)	4,001	3,801	200	-	4,001
(145)	15,787	15,787	-	-	15,787
(813)	40,125	40,125	-	-	40,125
(87)	5,634	5,634	-	-	5,634
(18)	934	934	-	-	934
(3)	1,267	1,072	195	-	1,267
(10)	3,426	3,426	-	-	3,426
(1,076)	67,173	66,978	195	-	67,173
(81)	4,196	4,096	-	100	4,196
(81)	4,196	4,096	-	100	4,196
(32,037)	1,220,478	1,212,843	443	7,192	1,220,478

29(b) BENEFIT FUNDS - ALLOCATED SURPLUS - 2000

	Value of Benefit Entitlements 01/07/99 \$'000	Mergers of Benefit Funds \$'000	Liability Component of Contributions \$'000	Withdrawals \$'000	Service Fees, Stamp Duties & Expenses \$'000
Health Benefits Fund	-	-	-	-	-
HEALTH INSURANCE FUND	-	-	-	-	-
Supersaver - Capital Guaranteed Fund	721,981	-	9,145	(152,326)	(139)
Supersaver - Fixed Interest Fund	69,380	-	2,978	(17,684)	(39)
Supersaver - Australian Equities Fund	50,875	-	34,491	(6,563)	(53)
Supersaver - Capital Stable Fund	53,130	-	10,463	(14,946)	(93)
Supersaver - Balanced Fund	124,366	-	35,633	(20,380)	(146)
Supersaver - Mortgage Fund	4,281	-	3	(1,041)	(1)
Supersaver - Protection and Disability Fund	-	-	-	-	-
BT Investment Bond	236,178	-	326	(50,627)	-
Estate Essentials Bond	73,689	-	2,035	(3,504)	(127)
Capital Builder Bond	26,174	-	97	(6,930)	(5)
FLEXIBLE INSURANCE BENEFIT FUNDS	1,360,054	-	95,171	(274,001)	(603)
Consolidated Assurance Fund	1,327	-	-	(117)	-
Combined Assurance Fund	2,434	-	-	(270)	-
OST Assurance Benefit Fund	484	-	-	(9)	-
LIFE ASSURANCE BENEFIT FUNDS	4,245	-	-	(396)	-
Deferred Annuity - Capital Guaranteed Fund	26,992	-	200	(7,738)	(14)
Deferred Annuity - Managed Fund	45,883	-	5,484	(8,476)	(101)
Deferred Annuity - Capital Stable Fund	11,281	-	330	(4,328)	(27)
Deferred Annuity - Cash Management Fund	2,168	-	1,889	(2,598)	(6)
Guaranteed Personal Income Plan Fund	1,668	-	-	(363)	-
IOOF Term Annuity Fund	5,868	-	-	(1,701)	-
DEFERRED & IMMEDIATE ANNUITY FUNDS	93,860	-	7,903	(25,204)	(148)
Capital Guaranteed Superannuation Bond	6,572	-	234	(1,267)	(12)
SUPERANNUATION FUNDS	6,572	-	234	(1,267)	(12)
TOTAL MEMBERS' FUNDS	1,464,731	-	103,308	(300,868)	(763)

Allocation of Surplus	Member Liability Revaluation	Value of Benefit Entitlements 30/06/00
\$'000	\$'000	\$'000

-	-	-
-	-	-
18,921	-	597,582
1,498	-	56,133
6,574	-	85,324
2,292	-	50,846
8,471	-	147,944
124	-	3,366
-	-	-
7,022	-	192,899
2,917	-	75,010
882	-	20,218
48,701	-	1,229,322
44	-	1,254
197	-	2,361
24	-	499
265	-	4,114
983	-	20,423
3,411	-	46,201
530	-	7,786
62	-	1,515
86	-	1,391
-	228	4,395
5,072	228	81,711
192	-	5,719
192	-	5,719
54,230	228	1,320,866

29(b) BENEFIT FUNDS - STATEMENT OF FINANCIAL PERFORMANCE - 2000

	Unallocated Surplus 01/07/99	Net Investment Income	Revenue Component of Contributions	Other Income	Fees to Management Fund	Claims Expense	Member Liability Revaluation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Health Benefits Fund *	2,954	210	5,902	-	(700)	(4,080)	-
HEALTH INSURANCE FUND	2,954	210	5,902	-	(700)	(4,080)	-
Supersaver - Capital Guaranteed Fund	1,762	35,794	53	-	(10,180)	-	-
Supersaver - Fixed Interest Fund	-	3,415	4	1	(948)	-	-
Supersaver - Australian Equities Fund	-	10,062	39	182	(1,140)	-	-
Supersaver - Capital Stable Fund	-	4,099	17	100	(806)	-	-
Supersaver - Balanced Fund	-	13,990	49	311	(2,194)	-	-
Supersaver - Mortgage Fund	-	228	-	-	(57)	-	-
Supersaver - Protection and Disability Fund	-	1	-	-	(1)	-	-
BT Investment Bond	2,684	11,480	13	-	(3,294)	-	-
Estate Essentials Bond	-	4,023	3	-	(1,098)	-	-
Capital Builder Bond	15	1,230	1	-	(355)	-	-
FLEXIBLE INSURANCE BENEFIT FUNDS	4,461	84,322	179	594	(20,073)	-	-
Consolidated Assurance Fund	5	67	-	-	-	-	-
Combined Assurance Fund	118	136	-	-	-	-	-
OST Assurance Benefit Fund	58	29	-	-	-	-	-
LIFE ASSURANCE BENEFIT FUNDS	181	232	-	-	-	-	-
Deferred Annuity - Capital Guaranteed Fund	428	1,277	1	-	(363)	-	-
Deferred Annuity - Managed Fund	-	4,487	1	-	(713)	-	-
Deferred Annuity - Capital Stable Fund	-	741	-	-	(143)	-	-
Deferred Annuity - Cash Management Fund	-	103	-	-	(24)	-	-
Guaranteed Personal Income Plan Fund	151	88	-	-	(25)	-	-
IOOF Term Annuity Fund	-	-	-	-	-	-	-
DEFERRED & IMMEDIATE ANNUITY FUNDS	579	6,696	2	-	(1,268)	-	-
Capital Guaranteed Superannuation Bond	-	330	9	-	(103)	-	-
SUPERANNUATION FUNDS	-	330	9	-	(103)	-	-
TOTAL MEMBERS' FUNDS	8,175	91,790	6,092	594	(22,144)	(4,080)	-

* Represents transfer of net assets to IOOF Health Services Ltd on 1 January 2000.

Other Expenses	Income Tax Expense	Profit / loss after income tax	Surplus Allocated to Members	Transfers from Seed Capital	Transfers (to) / from Management Fund	Unallocated Surplus 30/06/00	Management Fund Seed Capital	Total Member Funds (Benefit Entitlements plus Unallocated Surplus)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(574)	-	758	-	-	(3,712)	-	-	-
(574)	-	758	-	-	(3,712)	-	-	-
(305)	(10,012)	15,350	(18,921)	1,809	-	-	6,617	604,199
(16)	(958)	1,498	(1,498)	-	-	-	-	56,133
(34)	(2,535)	6,574	(6,574)	-	-	-	-	85,324
(17)	(1,101)	2,292	(2,292)	-	-	-	-	50,846
(42)	(3,643)	8,471	(8,471)	-	-	-	-	147,944
(2)	(45)	124	(124)	-	-	-	-	3,366
-	-	-	-	-	-	-	-	-
(41)	(2,926)	5,232	(7,022)	-	-	894	-	193,793
(11)	-	2,917	(2,917)	-	-	-	-	75,010
(9)	-	867	(882)	-	-	-	475	20,693
(477)	(21,220)	43,325	(48,701)	1,809	-	894	7,092	1,237,308
-	(19)	48	(44)	-	(9)	-	-	1,254
(1)	(35)	100	(197)	-	(21)	-	-	2,361
(2)	(7)	20	(24)	-	(48)	6	-	505
(3)	(61)	168	(265)	-	(78)	6	-	4,120
(12)	(154)	749	(983)	-	-	194	-	20,617
(25)	(339)	3,411	(3,411)	-	-	-	-	46,201
(6)	(62)	530	(530)	-	-	-	-	7,786
(5)	(12)	62	(62)	-	-	-	-	1,515
(1)	-	62	(86)	-	-	127	-	1,518
-	-	-	-	-	-	-	-	4,395
(49)	(567)	4,814	(5,072)	-	-	321	-	82,032
(4)	(40)	192	(192)	-	-	-	100	5,819
(4)	(40)	192	(192)	-	-	-	100	5,819
(1,107)	(21,888)	49,257	(54,230)	1,809	(3,790)	1,221	7,192	1,329,279

29(b) BENEFIT FUNDS - STATEMENT OF FINANCIAL POSITION - 2000

	Cash & Cash Equivalents \$'000	Receivables \$'000	Securities \$'000	Loans & Advances \$'000	Other Investments \$'000	Other Assets \$'000	Total Assets \$'000
Health Benefits Fund	-	-	-	-	-	-	-
HEALTH INSURANCE FUND	-	-	-	-	-	-	-
Supersaver - Capital Guaranteed Fund	8,498	4,676	572,070	25,215	(40)	261	610,680
Supersaver - Fixed Interest Fund	1,591	502	52,284	2,389	(15)	-	56,751
Supersaver - Australian Equities Fund	216	1,560	87,461	173	-	-	89,410
Supersaver - Capital Stable Fund	212	1,035	50,037	709	(1)	-	51,992
Supersaver - Balanced Fund	1,090	4,332	145,766	383	(8)	-	151,563
Supersaver - Mortgage Fund	279	12	1,653	1,460	-	-	3,404
Supersaver - Protection and Disability Fund	6	39	-	-	-	-	45
BT Investment Bond	81,423	1,540	112,878	-	20	-	195,861
Estate Essentials Bond	1,437	488	73,203	-	(23)	-	75,105
Capital Builder Bond	672	143	19,913	-	(9)	-	20,719
FLEXIBLE INSURANCE BENEFIT FUNDS	95,424	14,327	1,115,265	30,329	(76)	261	1,255,530
Consolidated Assurance Fund	1,270	8	-	-	-	-	1,278
Combined Assurance Fund	2,394	45	-	-	-	-	2,439
OST Assurance Benefit Fund	582	20	-	-	-	-	602
LIFE ASSURANCE BENEFIT FUNDS	4,246	73	-	-	-	-	4,319
Deferred Annuity - Capital Guaranteed Fund	591	137	20,026	-	(6)	7	20,755
Deferred Annuity - Managed Fund	1,072	383	45,497	-	27	-	46,979
Deferred Annuity - Capital Stable Fund	1,725	65	6,100	-	2	-	7,892
Deferred Annuity - Cash Management Fund	185	5	1,337	-	-	-	1,527
Guaranteed Personal Income Plan Fund	606	12	900	-	2	-	1,520
IOOF Term Annuity Fund	-	-	4,429	-	-	-	4,429
DEFERRED & IMMEDIATE ANNUITY FUNDS	4,179	602	78,289	-	25	7	83,102
Capital Guaranteed Superannuation Bond	908	79	4,869	-	(2)	-	5,854
SUPERANNUATION FUNDS	908	79	4,869	-	(2)	-	5,854
TOTAL MEMBERS' FUNDS	104,757	15,081	1,198,423	30,329	(53)	268	1,348,805

Liabilities	Net Assets	Members' Balances	Unallocated Surplus	Management Fund Seed Capital	Total Members' Funds
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	-	-	-	-
-	-	-	-	-	-
(6,481)	604,199	597,582	-	6,617	604,199
(618)	56,133	56,133	-	-	56,133
(4,086)	85,324	85,324	-	-	85,324
(1,146)	50,846	50,846	-	-	50,846
(3,619)	147,944	147,944	-	-	147,944
(38)	3,366	3,366	-	-	3,366
(45)	-	-	-	-	-
(2,068)	193,793	192,899	894	-	193,793
(95)	75,010	75,010	-	-	75,010
(26)	20,693	20,218	-	475	20,693
(18,222)	1,237,308	1,229,322	894	7,092	1,237,308
(24)	1,254	1,254	-	-	1,254
(78)	2,361	2,361	-	-	2,361
(97)	505	499	6	-	505
(199)	4,120	4,114	6	-	4,120
(138)	20,617	20,423	194	-	20,617
(778)	46,201	46,201	-	-	46,201
(106)	7,786	7,786	-	-	7,786
(12)	1,515	1,515	-	-	1,515
(2)	1,518	1,391	127	-	1,518
(34)	4,395	4,395	-	-	4,395
(1,070)	82,032	81,711	321	-	82,032
(35)	5,819	5,719	-	100	5,819
(35)	5,819	5,719	-	100	5,819
(19,526)	1,329,279	1,320,866	1,221	7,192	1,329,279

The Directors declare that the financial statements and notes set out on pages 30 to 71:

- a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b. give a true and fair view of IOOF Ltd's ("the Company") and Economic Entity's financial position as at 30 June 2001 and of their performance as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

- a. the financial position and notes are in accordance with the Corporations Act 2001;
- b. there are reasonable grounds to believe that, at the time the statement is made the Company will be able to pay all debts or claims that are referable to it;
- c. the financial statements of the Company are properly drawn up in accordance with the requirements of the Life Insurance Act 1995 ("the Act") and the Prudential Rules;
- d. 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 Act and the benefit fund rules of each benefit fund; and
- e. any assets of the benefit funds of the Company have not been applied or invested in contravention of the Act.

This declaration is made in accordance with a resolution of the directors.



L A Bytheway
Chairman of the Board
Melbourne,
21 August 2001



R J Turner
Managing Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF IOOF LTD AND TO THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY**SCOPE**

We have audited the financial report of IOOF Ltd ("the Company") for the financial year ended 30 June 2001 as set out on pages 30 to 72. The Directors of the Company are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity which comprises the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company and to the Australian Prudential Regulation Authority.

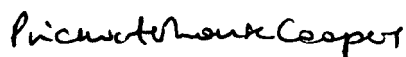
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards – except to the extent the application of AASB 1038 requires consolidation of the benefit funds which is not required by Prudential Rules 47, other mandatory professional reporting requirements, the Corporations Act 2001 in Australia, the Life Insurance Act 1995 and the Prudential Rules so as to present a view which is consistent with our understanding of the Company's and economic entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

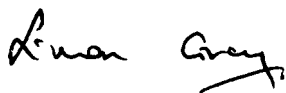
AUDIT OPINION

In our opinion,

- (a) the financial report of the Company is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and economic entity's financial position as at 30 June 2001 and of their performance for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) the financial report of the Company is in accordance with the Life Insurance Act 1995, the Prudential Rules and other mandatory professional reporting requirements;
- (c) the records of the Company on which the financial statements are based record properly the affairs and transactions of the Company;
- (d) the apportionments made under Division 2 of Part 6 of the Life Insurance Act 1995 have been made equitably and in accordance with generally accepted accounting principles; and
- (e) no part of the assets of the benefit funds have been applied directly or indirectly in contravention of the provisions of Division 1 of Part 4 and Division 4 of Part 2A of the Life Insurance Act 1995.



PricewaterhouseCoopers
Chartered Accountants



Simon Gray
Partner

Melbourne
21 August 2001



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