Guild Group Holdings Limited

Annual Report 2023

Guild

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CEO Report

Paul Cassidy

Chief Executive Officer

B. Sci (Statistics & Information Technology), FIAA (Group CEO)

Over the past year the Guild Group celebrated its 60-year anniversary of bringing to life our purpose of being there for those our communities rely on. Since starting out as a small insurance company servicing the Pharmacy sector in February 1963, we are now a leading provider of insurance, superannuation, legal and other business services to the broader Australian healthcare and community services sectors.

The Guild Group supports our shareholder's mission to improve the health and wellbeing of all Australians by delivering products and services that make the lives of those in the healthcare and community services sectors more assured so they may serve the broader Australian community.

Over the last 12 months, I have been proud of the achievements my team has delivered towards fulfilling our purpose, and becoming stronger by responding to the varied and continuing challenges the group has faced.

These challenges have included the continued disruption from another La Nina year of storm and flood events impacting our customers as they strived to recover from the COVID disruptions of proceeding years. Mercifully, the 3 year La Nina event began to dissipate from January 2023. However, the effects of COVID still lingered as its economic fallout combined with the effects of the Ukraine invasion to fuel high inflation, large and rapid rises in mortgage repayments and reduced consumer confidence as they reacted to mounting cost-of-living pressures.

These pressures have placed significant burden on many of our clients, customers and members.
The Guild Group has itself not been immune to these same challenges. However, guided by our purpose, we have taken steps towards alleviating the impact of these challenges.

Accordingly, much of the 2023 financial year saw a range of initiatives implemented across the Guild Group aimed at improving outcomes for our clients, customers and members. Central to our efforts was a focus on making it simpler and easier for them to deal with us whilst removing complexity. This has driven a range of operational improvements that have helped mitigate the impact of inflationary pressures on the cost of our products and services and provided our people with more capacity to create new customer solutions.

This focus was particularly strong within our insurance business. Like the rest of the insurance sector, repair cost inflationary pressures necessitated premium increases. However, significant effort was invested in improving operational efficiency, with the objective of reducing costs to mitigate the extent of any further increases, particularly in our underwriting, risk acceptance and claims areas. A review of our claims operating model will deliver improved customer outcomes by focusing on enhancements to claims governance and delivery of our claims service, via process reengineering and digitisation, quality assurance, supplier optimisation and an uplift in the capability of our people. These initiatives are all designed to improve both our customer and staff experience throughout the claims process, resulting in quicker response times, more streamlined processes and the automation of low level administrative tasks, whilst also delivering significant savings in claims cost and claims handling expense.

The team has also continued to innovate and expand its services to provide more value, an example of which is our launch of our PassportCard travel insurance partnership in June 2023.

By partnering with PassportCard Australia, we have embarked on covering Australians for their healthcare needs whilst travelling by offering unparalleled support and convenience. Each new PassportCard policy comes with a debit card that provides real-time payment in the event of a travel incident, such as medical issues when overseas, delayed luggage or stolen cash. That means no out-of-pocket expenses when travelling.

Through the great work of our insurance team, we have seen insurance written premiums increase 10% over the prior financial year and improved profitability. Most pleasingly, our customers have continued to choose us for their insurance needs, as evidenced by high (87%) customer retention and sustained high customer satisfaction as evidenced by our healthy insurance net promoter score of 49%.

Our superannuation team have also stepped up the value they delivered to Guild Retirement Fund members during the 2023 financial year.

Guild Super's aspiration is to be the 'fund that changed the future for women and their families'. Our team is focussed on delivering to the specific needs of our predominantly female member base, and ensuring we help them afford the best possible life after work.

That's why the work our team has done to reduce costs is so important. Over the 2023 year, the team delivered $1.6 million in administration fee reductions to members, as well as a plan to continue to deliver ongoing substantial reductions over the next three financial years. This has been achieved by embedding a new digital administration and fund management model. This has not only created better business efficiencies, but also better services for our members who increasingly seek to engage digitally due to the convenience it offers.

Our Guild Super team also continued to look for new ways to add value through the products and services they offer. This includes development of a new retirement income product that will launch in the coming financial year with a spousal fee cap. This means that by combining their superannuation accounts, a couple can benefit from halving their administration fees, delivering a saving of up to $800 per year. This is an unrivalled benefit in the superannuation sector.

The team also introduced our 360 Health Virtual Care Service to all Guild Super and Childcare Super members and their immediate families. The complimentary service provides general medical advice, a nutrition, fitness and recovery service and, importantly, the Mental Health Assist offer which gives members access to in-depth mental health reviews with a psychologist or psychiatrist.

This focus on innovation by our Guild Super team has contributed to record net member growth - up 10% over the prior year, and now totalling 95,000 member accounts.

Also delivering exceptional growth is our legal business, Meridian Lawyers, which has continued to grow and extend its legal service offering.
As with the wider Group, Meridian has had a strong focus on driving efficiencies and performance improvement over the 2023 financial year to ensure it provides its clients an ongoing competitive value proposition. New digital tools and reporting frameworks have been deployed to increase transparency around key performance measures, enabling the team to take action to achieve their goals. This is reflected in a much-improved financial performance of the team over the 2023 financial year with its profit more than doubling.

This focus on operational excellence has only served to enhance the quality of Meridian's service. In fact, the expertise and quality of service provided by our team continues to be recognised broadly. Amongst the many accolades received during the 2023 financial year, Meridian Lawyers was announced an 'Excellence Awardee' at the Australasian Law Awards and shortlisted for 'Insurance Specialist Firm of the Year', a finalist in the Australian Law Awards, and 22 of its lawyers were recognised in the 2024 edition of 'Best Lawyers in Australia' list.

Meanwhile, our team in the Gold Cross business has excelled in their support of Community Pharmacy against a backdrop of significant challenge. Our Gold Cross business works to deliver unique and exclusive products and services to support Community Pharmacy - the key one, at present, being our Glucojel brand of jelly beans and bears. Off the back of COVID-induced supply disruptions, the team also dealt with a decision by Chemist Warehouse to delete the Glucojel brand from its stores Australia-wide in favour of their own brand. Despite losing 25% of its revenue from this decision, the Gold Cross team rallied the support of the wider Community Pharmacy network to continue their market leadership leading to more than 10% increase in sales on the prior year.

Finally, our Guild Solutions operation in the Philippines, which provides business processing and support services stepped up to support key Group initiatives including mobilising quickly to support the insurance team in servicing claims arising from the storm and flood events in addition to supporting the Group's delivery of a key risk transformation project.

The achievements of our various businesses are enabled by our Technology, Finance, Risk. Audit & Compliance and People & Culture teams. Like our business units, our Shared Services teams have been focussed on stripping out complexity to increase efficiencies and better serve the needs of our customers, clients and members. They have also successfully delivered large-scale projects during the 2023 financial year that have uplifted the capability of the entire organisation.

This focus has been led by '#Connect' which is a 3-year program of work that commenced in the 2023 financial year focussed on creating space to innovate new customer solutions, reduce waste and reinvest cost and opportunity savings to boost our Employee Value Proposition and our people's experience at work. The program delivered tangible cost savings over the past year, whilst supporting our people and enhancing our customers' experience. Our staff have also expressed their strong satisfaction for how they've been enabled through our staff engagement survey.

Over the year the Group commenced a major uplift of our risk and compliance framework to deliver an improved and more mature risk environment aimed at accelerating the Group's ability to deliver strategic change initiatives by reducing the incidence and amount of corrective rework, which will, in turn, lead to improved management of risks and organisational resilience.

Our Finance team has continued to prepare for the changes to the way we report our financial statements to align to the new AABS17 new accounting standards. The new standards are changing the way we report our results with the most significant changes being reflected in our results to be reported for the 2024 financial year.

Finally, the sale of our Guildlink business to Medadvisor at the start of financial year 2023 has proved highly successful, with all pharmacies now operating on a single medications management platform valued by pharmacies, whilst providing a better experience for their patients. The Guild Group is now Medadvisor's largest shareholder, and we work in partnership to deliver simple, fast and lower cost publicly funded health service initiatives. Examples of this include the Urinary Tract Infection pilot conducted over the 2023 financial year and the planned expanded scope of practice trial in North Qld over the next year.

I am proud of the Guild Group's many achievements over the 2023 financial year and the value we've created for our clients, customers, members and staff alike. As testament to that work, key measures of customer and staff advocacy including: customer satisfaction, customer retention, new customers and staff engagement have been maintained or improved over the past year.

The Group's financial position strengthened in the 2023 financial year with revenue exceeding $350m for the first time. All areas of the business delivered

CEO Report

growth with both revenue and profit exceeding targets.

I would like to express my gratitude to our customers, clients and members for entrusting us. I thank the Pharmacy Guild of Australia, our shareholder, for their strong support. Importantly, I acknowledge and thank our dedicated Guild team for their unwavering support and commitment. Despite the challenges posed by the external landscape, the Guild Group has continued to demonstrate resilience, adaptability and a genuine care for our customers. We remain confident in our ability to navigate the evolving landscape successfully and deliver long-term value, whilst we stay true to our mission of being there for those our communities rely on.

Report of Directors

1. DIRECTORS

Your Directors present their report on the consolidated Group consisting of Guild Group Holdings Limited and the entities it controlled for the year ended 30 June 2023.

The names and details of the company's Directors in office during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrew Bloore
(Non-Executive Director)

Andrew has been described as a serial entrepreneur and has been involved in the establishment, design, funding, commercialisation, and ultimate sale (both trade sale and IPO) of a number of businesses in a diverse range of industries. Andrew has stood as a CEO for over 20 years. Andrew has sat on a wide range of Australian Tax Office (ATO) and Treasury Committees, including the Simple Super Legislation Committee, ATO Regulations Review and a range of Senate Select Committees.

Andrew is the Chair of Guild Group Holdings Limited and Guild Insurance Limited. He is also a Non-Executive Director of Meridian Lawyers Ltd, Insignia Financial Limited (ASX:IFL), Simonds Group Ltd and Simonds Family Office Pty Ltd.

Additionally, Andrew is on a range of subcommittees for these various entities.

John Dowling
B.Pharm, FCPA, FAICD, FACP (Non-Executive Director)

John is a Pharmacist, Certified Practising Accountant (Fellow) and a Fellow of the Australian Institute of Company Directors and the Australian College of Pharmacy. John is owner of Coventry's Pharmacy Latrobe, Tasmania and Tasmanian State Vice-President of the Pharmacy Guild of Australia (PGA). John is the Chairman of Meridian Lawyers Ltd.

John resigned as a Director on 31 December 2022..

Report of Directors

Anthony Tassone
B.Pharm (Hon), GAICD (Non-Executive Director)

Anthony is a community pharmacist and has been a proprietor of community pharmacies since 2006 in outer south eastern Melbourne. He has been the Victorian Branch President of the Pharmacy Guild of Australia since 2013.

His pharmacies have been recognised for community engagement and customer service excellence on multiple occasions at both a State and National level. Over the past decade, Anthony has served on a range of advisory boards for multi-national pharmaceutical companies and had advisory roles with State and Federal governments.

In 2019, Anthony was the recipient of the Holt Australia Day Award recognising his contribution to health promotion, primary healthcare, and volunteerism in the community.

In 2021, Anthony was appointed the National Vice President of Health Economics and Policy for the Pharmacy Guild of Australia– which leads engagement and negotiation with the Commonwealth government and Department of Health for five yearly Community Pharmacy Agreements.

Anthony was appointed as a Non-Executive Director of Medadvisor Limited (ASX:MDR) in July 2022.

Catherine Dubé
BSc Mathematics, FIAA, FSA, GAICD (Non-Executive Director)

Catherine is an Actuary with over 25 years' experience in financial services. From 2012 to 2020, Catherine was Chief Risk Officer at AIG where she was responsible for the development and execution of the risk management strategy for the Australasian region. Prior to this role, Catherine held a number of senior corporate and consultancy positions across the general, life and health insurance sectors.

Catherine is a Non-Executive Director of Guild Group Holding and Guild Insurance Limited, and Chair of the Guild Group Audit and Risk Committees. Catherine also serves as a Non-Executive Director and Audit Committee Chair for AssetInsure, for Challenger Retirement and Investment Services and for MLC. She is a member of the ACT Public Trustee and Guardian Investment Board.

Catherine is a Fellow of the Actuaries Institute, a Fellow of the Society of Actuaries and a graduate of the Australian Institute of Company Directors.

Michael Kay
LLB (Non-Executive Director)

Michael is an experienced Non-Executive Director and Chairperson. Michael is the current Chairman of Omni Bridgeway (ASX: OBL) and City Chic Collective Ltd (ASX:CCX). In June 21 Michael retired as a Non-Executive Director of Royal Automobile Club Insurance Limited, after a twelve-year tenure. He has also been the Chairman of ApplyDirect Limited (ASX:AD1) and Lovisa Holdings Limited (ASX:LOV). Michael was the Chief Executive Officer and Managing Director of salary packaging company McMillan Shakespeare (ASX: MMS), a position he held for six years. Prior to this Michael was the Chief Executive Officer of national insurer AAMI after serving in a variety of senior roles within that company. Michael has also spent 12 years in private legal practice.

Report of Directors

Chris Owen

B. Pharmacy (Rural) MACP FAICD GIA(Affiliated)

With over 10-years leadership experience in operational and strategic management roles within the healthcare industry, Chris is a performance orientated executive director with extensive hands-on experience in the primary health care sector. A Registered Pharmacist with practical experience owning and managing community pharmacies and General Practice medical clinics. He has diverse applications across Operations, Strategy, Sales & Marketing, Change Management, Project Management, HR, Procurement and Acquisition.

A fellow of the AICD, Chris has demonstrated ability in corporate governance in particular areas as managing performance, risk, compliance and audit.

Chris is the Queensland Branch President & National Vice-President Finance of the Pharmacy Guild of Australia. He is a Fellow of the Australian Institute of Company Directors and former President of Australasian College of Pharmacy.

Chris was appointed a Director on 1 January 2023.

Jennifer Smith

BBus, GDipAdvA, FCPA, FGIA (Company Secretary)

Jennifer is a governance and finance professional with broad experience working in public, ASX and not for profit entities. She has held senior management positions in CITIC Australia, Fluor Daniel Australia, Patrick Corporation, Asciano Limited, and various institutions within the independent and tertiary education sectors prior to joining Guild Group.

Jennifer resigned as Company Secretary on 13 January 2023.

Kevin Behrens

BEco, GradDipBIS, GradDipAFI, CA ANZ (Company Secretary)

Kevin is a financial professional with broad experience working in Professional Services, and ASX/Publicly listed entities. He has held management roles in NAB, AXA Asia, EY and Arthur Anderson prior to joining Guild Group.

Kevin was appointed Company Secretary on 13 January 2023.

Report of Directors cont.

2. PRINCIPAL ACTIVITIES

The principal activities during the year within the consolidated Group were::

> general insurance underwriting;

> providing superannuation;

> providing legal services

> pharmaceutical products and services endorsement company; and

> providing software solutions.

3. CONSOLIDATED RESULTS 2023

Profit / (Loss for the year is attributable to:

		2023 $'000		2022 $'000
Owners of the parent	$	10,469	$	19,983
Non-controlling interest	$	781	$	399
Profit/(Loss)	$	11,250	$	20,382

4. DIVIDENDS

Dividends recommended and paid in the current financial year

		2023 $'000		2022 $'000
On ordinary shares	$	8,000	$	—

5. REVIEW OF OPERATIONS

During the 2022/2023 financial year, the Group made progress in the execution of its business strategy, while continuing to maintain a strong financial position.

The key features of this financial year are:

The Guild Board approved the release of the remaining COVID-19 Business Interruption claims provision. Which has contributed to the replenishment of capital and strengthening Guild Insurance Limited's balance sheet;

Guild Insurance Limited continued to successfully execute on its purpose of 'being there for those our community relies on' through its high retention rates held across its core markets reflecting trust and value our customers place in our products and services;

A review of our claims operating model will deliver improved customer outcomes by focusing on enhancements to claims governance and delivery of our claims service, via process reengineering and digitisation, quality assurance, supplier optimisation and an uplift in the capability of our people. These initiatives are all designed to improve both our customer and staff experience throughout the claims process, resulting in quicker response times, more streamlined processes and the automation of low level administrative tasks, whilst also delivering significant savings in claims cost and claims handling expense.

Meridian Lawyers was announced an 'Excellence Awardee' at the Australasian Law Awards and shortlisted for 'Insurance Specialist Firm of the Year', a finalist in the Australian Law Awards, and 22 of its lawyers were recognised in the 2024 edition of 'Best Lawyers in Australia' list.

Guild Retirement Fund has made significant progress in the execution of its business strategy by continuing to ensure it delivers value to its members, embracing regulatory reform by optimising its operations to further reinvest in Member benefits, while also remaining in a strong financial position.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the group.

7. SIGNIFICANT EVENTS AFTER REPORTING DATE

A dividend of $3,300,000 was declared by the Directors at the Board meeting held on 29 August 2023 payable in September 2023.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Management are positive about the prospects for the entity and the focus for the year ahead will continue to be based on three key objectives.

Customers

Commitment to customers remains the cornerstone of the business model. The goal is to continually improve the value the Group provides to existing clients while leveraging the enhanced business development capability and new distribution channels to win new customers.

People

Management seek to retain its people through providing them an environment where they can excel in and be rewarded for their achievements. Management will continue to actively seek to attract new talent into the business as it builds new opportunities and to provide career progression for existing staff.

Financial Performance

Management will target strong earnings and growth targets for the year while ensuring the Group retains a conservative well capitalised position.

9. OUTSTANDING CLAIMS PROVISION IN CONTROLLED GROUP (GUILD INSURANCE LIMITED)

The provision for outstanding claims is determined after consultation with the Group Actuary. The outstanding claims assessment takes into account the statistical analysis of past claims, allowance for claims incurred but not reported, recoveries and future interest and inflation factors. The Directors consider that adequate risk margins are required in addition to actuarial central estimates to cover uncertainties such as changes in interest rates and superimposed inflation.

The APRA standards provide that outstanding claims must be set at a level that provides a probability of at least 75% that the provision for outstanding claims will be adequate to settle claims as they become payable in the future. The directors have satisfied themselves that the Group's outstanding claims provision exceeds this requirement. Consistent with Guild policy, the directors have also reviewed the probability of sufficiency at the 85% level and determined it to be appropriate based on the underlying risk profile and the business plan.

10. CAPITAL ADEQUACY OF GUILD INSURANCE LIMITED

Guild Insurance Limited's Common Equity Tier 1 (CET1) capital was $137.8 million (2022: $122.3 million) and regulatory capital of $154,689 million (2022: $139,144 million). At 30 June 2023 as per the requirements of the Australian Prudential Regulatory Authority's Prudential Standards. At 30 June 2023, Guild Group Holdings Limited had a CET1 multiple of 1.7 (2022: 1.6) and a PCA multiple of 1.9 (2022: 1.9).

	2023 $'000	2022 $'000
I. Common Equity Tier 1 capital		
Ordinary shares	**9,866**	9,866
Retained earnings	**128,083**	116,587
Excess technical provisions (net of tax)	**21,748**	16,986
Less: Deductions	**(21,848)**	(21,135)
Common Equity Tier 1 capital (CET1 capital)	**137,849**	122,304
II. Additional Tier 1 capital	**—**	—
Total Tier 1 capital	**137,849**	122,304
III. Tier 2 capital		
Eligible Tier 2 capital instruments	**16,840**	16,840
Total Tier 2 capital	**16,840**	16,840
Total regulatory capital	**154,689**	139,144
IV. Prescribed Capital Amount (PCA)		
Insurance risk charge	**51,372**	48,904
Insurance concentration risk charge	**4,419**	3,750
Asset risk charge	**33,691**	31,287
Aggregation benefit	**(18,774)**	(17,531)
Operating risk charge	**9,146**	8,575
Total PCA	**79,854**	74,985
PCA multiple	**1.94**	1.86
CET1 multiple	**1.73**	1.63

In the above Table, the Regulatory Capital includes contributed equity provided by Guild Group Holdings Limited (GGHL), which is treated as Tier 2 capital for regulatory purposes by Guild Insurance Limited (GIL). The treatment as Tier 2 capital reflects the source of the capital in the parent entity GGHL, which is Interest-bearing Tier 2 Capital. It is noted that for APRA regulatory purposes Common Equity Tier 1 CET 1 capital in a subsidiary is not intended to be funded by lesser quality capital raised by a parent.

11. ENVIRONMENTAL REGULATIONS

The operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

The Directors are not aware of any breaches of significant environmental regulations during the period covered by this report that are likely to result in a material impact on the Group or the environment.

12. MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Group's Directors (including meetings of committees of Directors) held during the year ended 30 June 2023, and the numbers of meetings attended by each Director.

	Full Meeting of Directors (GGHL,GSSL & GTS))	Full Meeting of Directors (GIL)	Audit Committee (GGHL) & (GTS)	Risk Management & Compliance Committee (GGHL) & (GTS)	Remunerati on & Nominations Committee (GGHL) & (GTS)	Capital Committee	Digital & Customer Committee (DCC)	Full Meeting of Directors (Guildlink)	Full Meeting of Directors (Gold Cross)
Number of Meetings Held	22	9	11	8	7	9	2	1	3
Number of Meetings Attended By:									
C. Dube	10	—	11	4	4	8	1	1	—
K. Pratt (As director of GGHL & GTS)	10	—	4	4	5	6	1	—	—
M. Kay **	12	9	7	4	4	9	1	1	—
A. Bloore	12	9	7	7	4	8	1	1	—
L. Jenkinson	10	—	4	4	5	6	2	—	3
J. Dowling *	7	6	6	3	2	4	—	—	—
A. Tassone	11	8	7	4	4	8	1	1	
N. Panayiaris	11	—	9	4	5	4	1	1	2
M. Pirone (as director of GSSL*** & GTS)	10		4	4	5		1		
C. Owen ****	7	5	3		2	5			
P.Cassidy *****	12	—	—	—	—	—	—	—	3

* J Dowling resigned as NED effective 31 Dec 22 (GGHL/GSS/GIL/GLK).
** M Kay resigned as NED director effective 1 Feb 2022 (GC).
*** M Pirone resigned as MD of GSSL effective 1 July 2022 and transitioned to a NED of GTS effective 2 July 2022 ^ P Cassidy appointed as ED effective 2 Jul 2022 (GSSL).
**** C Owen appointed as NED effective 1 Jan 23 (GGHL/GSS/GIL/GLK).
***** P Cassidy appointed as a director effective 2 Jul 2023 (GX)
Note: Data Referenced against the 'Minutes Register'.

13. DIRECTORS' BENEFITS

No Director of the Group has received or become entitled to receive a benefit because of a contract made by the Group or a related body corporate with the Director or a firm of which they are a member, or with an Group in which they have a substantial financial interest.

14. COMMITTEE MEMBERSHIP

As at the date of this report, the Group had a Capital, Remuneration & Nominations, Audit, Risk Management & Compliance Committee of the Board of Directors.

Members acting on the committees of the board during the year were:

	GGHL	GSS	GIL	GTS	MLL	GC
Andrew Bloore	Chair	Chair	Chair		Director	
John Dowling	Director	Director	Director		Chair	
Chris Owen	Director	Director	Director			
Anthony Tassone	Director	Director	Director			
Catherine Dube	Director		Director			
Michael Kay	Director	Director	Director			
Linda Jenkinson				Chair		Chair
Nick Panayiaris				Director		Director
Kerri Pratt				Director		
Paul Cassidy		Director				Director
Mario Pirone				Director		

15. INSURANCE OF OFFICERS

During the financial year, Guild Group Holdings Limited paid a premium in respect of a contract insuring the Directors, Company Secretary and Officers of the Group and its subsidiaries against a liability incurred as a Director, Secretary or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify a Director, a Company Secretary, an Officer or Auditor of the company or any related body corporate against a liability incurred as such a Director, Company Secretary, Officer or Auditor.

16. NUMBER OF EMPLOYEES

The workforce of the Group stands at 585 full time equivalent employees at 30 June 2023 (509 - 30 June 2022). The consolidated Group staff numbers are expected to remain stable over the next twelve months to ensure that there are adequate staffing resources to manage the anticipated revenue growth.

17. ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars ($'000) (where rounding is applicable) under the option available to the Company under ASIC Corporations Instrument 2016/191.The Group is a company to which the Class Order applies.

18. DECLARATION FROM AUDITORS

A copy of the Auditor's Independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Andrew Bloore

A. Bloore

Chairman

Melbourne

29 August 2023

Catherine Dube

C. Dube

Non-Executive Director

Melbourne

29 August 2023

Directors' Declaration

Directors' Declaration

In accordance with a resolution of the Directors of Guild Group Holdings Limited, we state that:

In the opinion of the Directors:

a. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

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

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.

c. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A. Bloore
Chairman
Melbourne
29 August 2023

C. Dube
Non-Executive Director
Melbourne
29 August 2023

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Independent Auditor's Report to the Members of Guild Group Holdings Limited

Opinion

We have audited the financial report of Guild Group Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Building a better
working world

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.

- Obtain 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

M Pallisco
Partner
Melbourne
31 August 2023

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Auditor's Independence Declaration to the Directors of Guild Group Holdings Limited

As lead auditor for the audit of Guild Group Holdings Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Guild Group Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Maree Pallisco
Partner
Melbourne
31 August 2023

Statement of Financial Position

Year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Assets			
Cash and cash equivalents	8a.	**54,400**	36,522
Trade and other receivables	9	**162,798**	148,090
Related Party Receivables	9b.	**10,348**	9,582
Reinsurance and other recoveries receivable	10	**67,981**	99,195
Income tax receivable		**2**	—
Investments	11	**331,525**	346,994
Investment in Associates	12a.	**12,576**	—
Investment in Joint Venture	13a.	**485**	492
Investments held on Trust	14	**300**	131
Prepayments and work in progress	15	**13,743**	11,689
Deferred acquisition costs	16	**25,665**	23,118
Deferred outwards reinsurance premium	16	**35,042**	35,947
Property, plant and equipment	17	**5,469**	1,705
Right-of-use assets	18	**16,594**	13,285
Deferred tax assets	6	**19,550**	20,240
Intangible assets and goodwill	19	**8,876**	10,575
Assets from Discontinued Operations	35	**—**	5,371
Total Assets		**765,354**	762,936
Liabilities			
Trade and other payables	20a.	**47,426**	48,633
Deferred Revenue	20a.	**62**	108
Income tax payable		**2,525**	11,926
Premium liabilities	21b.	**188,974**	171,138
Interest-bearing borrowings	22	**20,642**	17,252
Lease liabilities	23	**21,466**	15,723
Provisions	24	**25,667**	25,793
Claims liabilities	25	**307,007**	327,817
Liabilities from Discontinued Operations	35	**—**	4,014
Total Liabilities		**613,769**	622,404
Net Assets		**151,585**	140,532
Equity			
Contributed equity	26a.	**21,420**	21,420
Unallocated Shares (Employee Share Scheme)		**60**	30
Retained earnings	26d.	**125,928**	115,272
Non-controlling interest	27	**2,596**	2,229
Merger reserve	26e.	**1,581**	1,581
Total Equity		**151,585**	140,532

Above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

Year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Premium revenue	5a.	**287,100**	263,745
Outwards reinsurance premium expense	16c	**(108,821)**	(99,711)
Net premium revenue		**178,279**	164,034
Claims expense	5e.	**(105,896)**	(138,413)
Reinsurance and other recoveries revenue	5f.	**26,488**	100,551
Net claims expense		**(79,408)**	(37,862)
Acquisition costs	5h.	**(49,677)**	(45,429)
Underwriting expenses	5i.	**(55,841)**	(49,502)
Doubtful debts	5l.	**222**	(144)
Underwriting result		**(6,425)**	31,097
Investment revenue on assets backing policyholder funds	5b.	**6,849**	(9,086)
Insurance trading result		**424**	22,011
Investment revenue on assets backing shareholder funds	5c.	**2,083**	(3,489)
Fee and other income	5d.	**91,690**	78,287
Other operating expenses		**(73,338)**	(63,406)
Finance costs	5j.	**(1,268)**	(740)
Profit before income tax		**19,591**	32,663
Income tax expense	6	**(8,341)**	(10,387)
Profit after income tax from operating activities		**11,250**	22,276
Discontinued Operations			
Profit/(loss) after tax for the year from discontinued operations	35	**–**	(1,894)
Profit/Loss after income tax inclusive of discontinued operations		**11,250**	**20,382**
Profit for the year is attributable to:			
Owners of the parent		**10,469**	19,983
Non-controlling interest		**781**	399
		11,250	20,382
Total comprehensive income for the year is attributable to:			
Owners of the parent		**10,469**	19,983
Non-controlling interest		**781**	399
		11,250	20,382

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

Year ended 30 June 2023

	Attributable to equity holders				
	Issued Capital	**Merger Reserve**	**Retained Earnings**	**Non controlling Interest**	**Total Equity**
2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2022	**21,450**	**1,581**	**115,272**	**2,229**	**148,719**
Dividends paid	**—**	**—**	**(8,000)**	**(384)**	**(8,384)**
Deconsolidation adjustment following sale of Guildlink Pty Limited	**—**	**—**	**8,187**	**—**	**8,187**
Changes in equity during the period					
Net profit/(loss)	**—**	**—**	**10,469**	**781**	**11,250**
Total Equity	**21,450**	**1,581**	**125,928**	**2,626**	**151,585**
Issue of share capital		**—**	**—**		**—**
Sale of Non Controlling Interest	**—**	**—**	**—**	**(30)**	**(30)**
Unallocated Shares (Employee Share Scheme)	**30**	**—**	**—**	**—**	**30**
At 30 June 2023	**21,480**	**1,581**	**125,928**	**2,596**	**151,585**
2022					
At 1 July 2021	21,420	1,581	95,289	2,160	120,450
Dividends paid	—	—	—	(300)	(300)
Changes in equity during the period					
Net (loss)/profit	—	—	21,877	399	22,276
Total Equity	21,420	1,581	117,166	2,259	142,426
Discontinued Operations			(1,894)		(1,894)
Sale of Non Controlling Interest	—	—	—	(30)	(30)
Unallocated Shares (Employee Share Scheme)	30	—	—	—	30
At 30 June 2022	21,450	1,581	115,272	2,229	140,532

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

Year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Premiums received		**288,804**	264,110
Outwards reinsurance paid		**(117,764)**	(109,076)
Claims paid		**(119,523)**	(141,535)
Reinsurance and other recoveries received		**42,000**	70,764
Acquisition costs paid		**(50,953)**	(47,290)
Payments to suppliers and employees		**(127,648)**	(99,654)
Reinsurance commission received		**35,494**	30,528
Agency commission received		**6,767**	5,867
Fees and other income		**71,058**	64,073
Income tax (refunded) / paid		**(16,755)**	(1,964)
Interest and other costs of finance paid		**(1,404)**	(959)
Sundry income received		**(7,114)**	(6,516)
Payments for leases of Short-term and low-value assets		**(80)**	(149)
Net cash flows from operating activities		**2,882**	28,199
Cash flows from investing activities			
Distributions from unit trust received		**(516)**	3,095
Interest received		**9,209**	8,816
Purchase of property, plant and equipment		**(3,378)**	(755)
Proceeds from disposal of financial assets		**(1,411)**	(145)
(Purchases)/sales of financial assets		**12,542**	(44,092)
Payments for intangible assets		**2,226**	2,319
Dividends paid	8c.	**(8,084)**	(300)
Net cash flows from investing activities		**10,588**	(31,062)
Cash flows from financing activities			
Repayment of lease liabilities		**(2,556)**	(7,021)
Repayments of borrowings		**3,390**	—
Interest on lease liabilities		**(589)**	(480)
Proceeds from issue of equity		**—**	—
Loan (to)/from related parties		**309**	(4,552)
Net cash flows used in financing activities		**554**	(12,053)
Net increase/(decrease) in cash and cash equivalents- Continuing Operations		**14,024**	(14,916)
Net (decrease)/increase in cash and cash equivalents- Discontinued Operations	35	**—**	125
Cash and cash equivalents at 1 July		**40,376**	55,167
Cash and cash equivalents at 30 June	8a.	**54,400**	40,376

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Year ended 30 June 2023

1. CORPORATE INFORMATION

The financial report for Guild Group Holdings Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 29 August 2023.

Guild Group Holdings Limited is a for profit company limited by shares incorporated in Australia. The ultimate parent entity of Guild Group Holdings Limited is The Pharmacy Guild of Australia.

The nature of the operations and principal activities of the Group are described in the Directors' report.

The registered office for this entity is at Level 15, 171 Collins Street Melbourne, Victoria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for certain assets, which have been measured at fair value. The accounting policies adopted are consistent with those of previous years, except where noted below.

The financial report is presented in Australian dollars and all values are to the nearest thousand dollars ($000), unless otherwise stated.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Any such changes have had no effect on the financial position or performance of the entity.

b. Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c. New accounting standards and interpretations

The are no new standards and interpretations applied for the first time by Guild Group Holdings Limited for the annual reporting period ended 30 June 2023.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by Guild Group Holdings Limited for the annual reporting period ended 30 June 2023, are outlined in the table below:

Reference	Title	Application Date	Application date for GIL	NOTE
AASB 9	Financial Instruments – AASB replaces AASB 139 Financial Instruments: Recognition & Measurement	1 January 2023	1 July 2023	A
AASB 2022-1	Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information.	1 January 2023	1 July 2023	A
AASB 2020-5	Amendments to Australian Accounting Standards Insurance Contracts	1 January 2023	1 July 2023	B
AASB 17	Insurance Contracts	1 January 2023	1 July 2023	B
AASB 2021-2	Amendments to Australian Accounting Standards Disclosure of Accounting Policies & Definition of Accounting Estimates	1 January 2023	1 July 2024	A
AASB 2021-5	Amendments to Australian Accounting Standards Deferred Tax related to Assets & Liabilities arising from a Single Transaction	1 January 2023	1 July 2024	A
AASB 2020-1	Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-current	1 January 2024	1 July 2024	A
AASB 2014-10	Amendments to Australian Accounting Standards Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025	1 July 2025	A

Table note

A At the reporting date management have not yet assessed the impact of implementing these standards.

B AASB 17 Transition Disclosure Insurance Contracts

AASB 17 ('the Standard') is a new accounting standard for all types of insurance contracts replacing AASB 1023 General Insurance Contracts for for-profit entities. The first applicable reporting period is for the year ending 30 June 2024, with a fully retrospective approach applied on transition. Accordingly, the comparative period for the year ending 30 June 2023 will be restated on a AASB 17 basis.

Measurement Model

Guild Insurance Limited intends to apply a new measurement model for its insurance and reinsurance contracts under AASB 17, which introduces significant changes to presentation and disclosure requirements. The General Model measures contracts based on fulfilment cash flows and contractual service margin, while the Premium Allocation Approach ("PAA") is like the current model used for short-term portfolios or long-term portfolios with similar liability for remaining coverage. Guild Insurance Limited is eligible for the Premium Allocation Approach for all its general insurance contracts given that a significant proportion of its portfolio represents insurance contracts with a coverage period not exceeding twelve months and it reasonably expects that the PAA would produce a measurement of liability for remaining coverage ("LfRC") which does not differ materially when applying the General Model to the remaining proportion of insurance contracts which exceed twelve months. The company is monitoring technical interpretations of the Standard to ensure suitable adaptations to technology, systems and processes.

Level of aggregation

The Group defines its portfolio based on aggregating insurance contracts subject to similar risks and managed together. Contracts within a product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement and also takes into consideration information provided to key management decision makers and regulators.

Onerous Contracts

Under AASB 17, onerous contracts are required to be identified and measured at a more granular level of aggregation than under AASB 1023. Guild Insurance Limited has developed a process to review onerous contracts using a dashboard with the Group Actuary to review onerous contracts (at inception and at subsequent reporting dates) based on underwriting year. A non-onerous group may become onerous, and a loss will be recognised based on facts and circumstances, while an onerous group may become less onerous, when the relevant remaining amount of the loss is reversed. The impact of this is to recognise the loss component as insurance service expenses in the Profit & Loss, and an allowance can be made for a loss recovery component provided that the reinsurance contracts are already in force. Guild will assess the existence of onerous contracts as appropriate and as part of the actuarial reserving process. While Guild Insurance Limited's review of onerous contracts continues to be refined, on recognition it expects that some occupations within its liability scheme portfolio will be onerous. Loss component of onerous contracts is a net decrease of \$2.1m on retained earnings (estimated to be \$3.0m, this is offset by recovery component of reinsurance contracts of \$0.9m).

Insurance Acquisition Cash Flows

Insurance Acquisition Cash Flows are cash flows arising from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio but are attributable to the portfolio. Guild Insurance Limited has decided to continue deferring insurance acquisition costs for groups of contracts that apply the premium allocation approach and have a coverage period of one year or less. The company distinguishes between attributable and non-attributable expenses and allocates overheads to groups of contracts using systematic and rational methods. Insurance acquisition cash flows that are directly attributable expenses are deferred and amortised over the coverage period of the group of insurance contracts and recorded as part of the Insurance Service Result in the Statement of Comprehensive Income.

Risk Adjustment

Guild Insurance Limited intends to apply the cost of capital approach to determine the risk adjustment for both the liability for incurred claims and the liability for remaining coverage. The risk adjustment will only incorporate non-financial risk and will be determined by the Group Actuary based on a cost of capital approach with non-finance risks measured by APRA's insurance risk charge ("IRC") and the insurance concentration risk charge ("ICRC") as well as the required compensation derived from the Board's risk appetite for capital and return on capital targets. The fulfilment cash flows used in calculating the loss component for onerous groups will allow for an appropriate risk adjustment. The Group Actuary determines risk adjustments appropriate to each valuation class, which are then aggregated or disaggregated as required to the portfolios and other groupings of business, e.g. for regulatory or management reporting. The entire change in the risk adjustment for non-financial risk will be included as part of the insurance service result.Guild will disclose the confidence level associated with the risk adjustment for non-financial risk for risk adjustments both gross and net (of reinsurance). The resulting Probability of Sufficiency is estimated to be in the range of 85%. Guild Insurance Limited anticipates a decrease of up to \$0.6m in its retained earnings due to the change of adopting risk adjustments in place for risk margins.

Discount Rates (Illiquidity Premium)

Guild Insurance Limited determines discount rates, including the Illiquidity premium, using a bottom-up approach based on existing practices for financial and regulatory reporting. The Group Actuary determines the discount rates with reference to relevant accounting and professional standards, using the Simple Formulaic Proxy approach. Guild Insurance Limited reports discount movements in the Profit and Loss for reporting purposes with plans to continue reporting assets at fair value. The initial discount amount for incurred claims is included within the measurement of the claim and reported as part of insurance service expense. The effect of the unwind of the discount and changes in discount rates are classified as insurance finance income and expenses in the Profit and Loss. The increase in the discount rate due to the Illiquidity premium will increase retained earnings by $2.8m.

Reinsurer Default

AASB 17.63 requires estimated cash flows for reinsurance contracts held to include the effect of any risk of non-performance by the issuer of the reinsurance contract. Guild Insurance Limited has adopted reinsurer non-performance rates broadly consistent with S&P's Global Corporate Average cumulative default rates. The expected impact is approximately $0.9m decrease to retained earnings.

Transition & Presentation

Guild Insurance Limited will apply the full retrospective approach on transition to AASB 17 for all groups of insurance contracts, except where it has been determined that it is impracticable to do so. Guild Insurance Limited does not expect to apply the modified retrospective approach nor the fair value approach on transition. The balance sheet will no longer present deferred acquisition costs and insurance related receivables separately; however will form part of insurance liabilities. The resulting impact of this change in presentation will give rise to a reduction in total assets which is offset by a reduction in total liabilities. Guild Insurance Limited's presentation of its statement of comprehensive income will also be adjusted to reflect an insurance service result made up of insurance revenue and expenses, as well as insurance finance income and expenses. Reinsurance income or expenses will also be presented separately from the expenses or income from insurance contracts issued by Guild Insurance Limited. Guild Insurance Limited estimates that the overall impact on transition is a $0.9m decrease in retained earnings. The requirements of AASB 17 are complex and subject to ongoing interpretation and Guild Insurance Limited's expectations noted above could be subject to change as it continues to assess the impact of the standard and further interpretation developments.

d. Basis of consolidation

The consolidated financial statements comprise the financial statements of Guild Group Holdings Limited (the parent company) and its subsidiaries as at 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the Consolidated Financial Statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries under common control is accounted for using the pooling of interest method of accounting. The pooling of interest method of accounting involves the reflection of the assets and liabilities of the combining entities at their carrying values with no goodwill being recognised. The identifiable assets acquired, and the liabilities assumed are measured at their acquisition date book values. Upon acquisition the group has recognised a merger reserve which arose on a business combination that was accounted under the pooling of interest method. The policy is to consolidate figures on the date of acquisition and not disclose comparative numbers. There were no acquisitions under common control in the current year.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the Statement of Comprehensive Income and are presented within equity in the consolidated Statement of Financial Position, separately from the equity of the owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

e. Presentation of Statement of Financial Position

The Group presents assets and liabilities in the Statement of Financial Position in order of liquidity.

f. Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Premium revenue

Premium Revenue comprises amounts charged to the policyholder, including fire service levies, but excluding stamp duties and other amounts collected on behalf of third parties.

Premium Revenue is treated as earned from the date of attachment of risk. Where material, premiums on unclosed business are brought to account by reference to the previous year's premium processing delays with due allowance for any changes in the pattern of new business and renewals.

The pattern of recognition of income over the policy or indemnity periods is based on time, which closely approximates the pattern of risks underwritten. Unearned premium is determined by apportioning the premiums written in the year, using the 365ths method based on date of attachment of risk. The portion not earned, as determined by the above method, is classified in the Statement of Financial Position as unearned premium.

Revenue from Contracts with Customers

i. Superannuation fees

Fees earned are recognised when the entity's right to receive the payment is established, by reference to the members participation in the fund. The performance obligation is met at the end of each month.

ii. Insurance administration and exit fees

Insurance administration fee income is recognised when the entity's right to receive the payment is established, by reference to the members participation in the fund. The performance obligation is met at the end of each month. If a member decides to leave the fund an exit fee will be charged at the date of exit and the income recognised at the same point in time.

iii. Transaction prices

The Group allocates the transaction price to each performance obligation based on the Product Disclosure Statement. Allocation of transaction price is otherwise based on either daily or monthly participation, depending on the revenue category and the members options.

iv. Provision of legal services – Insurance

Revenue from the provision of Insurance legal advice is recognised over the time that the services are performed on a time and material basis.

Work in progress is only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect to the contract at the end of the reporting period will not be subject to a significant reversal when the matter is concluded.

A receivable in relation to these services is recognised when a bill is raised and issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

v. Provision of legal services – Commercial

The Group earns revenue from the provision of general legal services incorporating commercial employment and property. Revenue for general legal services is recognised over time in the accounting period when services are rendered.

Fee arrangements from Commercial legal services are unconditional fee for service arrangements ("Time and Materials").

In fee for service arrangements revenue is recognised up to the amount of fees the entity is entitled to invoice for services performed to date based on contracted rates.

Work in progress is only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect to the contract at the end of the reporting period will not be subject to a significant reversal when the matter is concluded.

A receivable in relation to these services is recognised when a bill is raised and issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

vii. Provision of legal services – Litigation

Revenue from the provision of litigation legal advice is recognised over the time that the services are performed on a time and material basis.

Fee arrangements from litigation legal services include unconditional fee for service arrangements ("Time and Materials") and variable or contingent fee arrangements for some commercial litigation services.Work in progress is only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect to the contract at the end of the reporting period will not be subject to a significant reversal when the matter is concluded.

A receivable in relation to these services is recognised when a bill is raised and issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

No changes to revenue recognition were identified under AASB 15.

Medicines information – maintenance contracts

Revenue from medicines information maintenance contracts is recognised as performance obligations are satisfied over time, by reference to the stage of completion of a contract or contracts in progress at the balance sheet date. Stage of completion is measured by reference to the date that each annual maintenance contract expires.

Revenue derived from all ad hoc document changes is recognised once the amended documents have been released for distribution to external parties.

viii. Guildcare subscriptions revenue

Revenue from subscriptions contracts is recognised as performance obligations are satisfied over time, which is on a straight-line basis over the term of contract, in line with the timing as to when the customer simultaneously receives and consumes the benefits of the services.

ix. Reinsurance Commissions

Reinsurance Commissions represent income received from Reinsurers as a direct result of Guild Insurance Limited obtaining reinsurance across its portfolio to reduce its overall exposure. Reinsurance Commission is an agreed percentage based on the total proportion of ceded premium to the reinsurer. Where applicable, reinsurance commission revenue is subject to the achievement of a specific level of profitability of the reinsured portfolio in a given financial/underwriting year. The pattern of recognition aligns to the policy or indemnity period and is earned adopting the 365ths method.

x. Agency Commissions

Agency Commission represents income received from Guild Early Learning Pty Ltd which is an authorised representative of Guild Insurance Limited to underwrite Workers Compensation Insurance. Commission received is based on a set percentage of the total gross written premium in a financial year for the specific scheme underwritten. Placing business as an agent for GEL would be the performance obligation for the agency commission. Once the business has been placed the commission can start earning adopting the 365ths method.

xi. Presentation and disclosure requirements

The Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 5a. for the disclosure of disaggregated revenue.

Interest income

Interest income is recognised as interest accrues using either the contractual interest rate or using the effective interest method when the Group has control of the right to receive the interest payment.

g. Fire service levy and other charges

A liability for fire service levy and other charges is recognised on business written to the reporting date. Levies and charges payable are expensed on the same basis as the recognition of premium revenue, with the portion relating to unearned premium being recorded as a prepayment.

h. Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and IBNRs are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are measured as the present value of the expected future receipts. At each reporting date, the company determines if there is any objective evidence of impairment. If impaired, the carrying amount is reduced accordingly and impairment is recognised in the statement of comprehensive income.

i. Outwards reinsurance premium expense

The Group cedes insurance risk in the normal course of business. Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium is treated as a prepayment and presented as deferred outwards reinsurance expense on the balance sheet at the reporting date.

j. Deferred acquisition costs

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the general insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

k. Liability adequacy test

Liability adequacy testing is performed in order to recognise any deficiencies in the Statement of Comprehensive Income arising from the carrying amount of the unearned premium liability less any related deferred acquisition costs and intangible assets not meeting the estimated future claims under current insurance contracts.

The estimated future claims under current insurance contracts are measured using the present value of the expected cash flows relating to future claims and associated expenses (discounted using a risk free discount rate) plus an additional fair value risk margin to reflect the inherent uncertainty of those estimated cash flows.

Any deficiency arising from the test is recognised in the profit or loss with the corresponding impact on the balance sheet recognised first through the write down of deferred acquisition costs for the relevant portfolio of contracts, with any remaining balance being recognised on the balance sheet as an unexpired risk liability.

Liability adequacy testing is performed at the level of a portfolio of contracts that are subject to broadly similar risks and are managed together as a single portfolio.

l. Claims liabilities

The outstanding claims liability is measured as the central estimate of the present value of expected future payments relating to claims incurred at the reporting date with an additional risk margin to allow for the inherent uncertainty in the central estimate. The liability is measured based on the valuation performed by the Group Actuary. The expected future payments include those in relation to claims reported but not yet paid or not yet paid in full, claims incurred but not enough reported (IBNER), claims incurred but not reported (IBNR) and the anticipated direct and indirect claims handling costs. The liability is discounted to present value using a risk free rate.

Claims expense represents claim payments adjusted for the movement in the outstanding claims liability.

The estimation of the outstanding claims liability involves a number of key assumptions and is the most critical accounting estimate. All reasonable steps are taken to ensure that the information used regarding claims exposure is appropriate. However, given the uncertainty in establishing the liability, it is likely that the final outcome will be different from the original liability established. Changes in claims estimates are recognised in profit or loss in the reporting period in which the estimates are changed.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand available on demand and deposits held at call with financial institutions. Cash and cash equivalents are measured at amortised cost, being the principal amount. For the purposes of the cash flow statement, cash also includes other highly liquid investments not subject to significant risk of change in value, with short periods to maturity, net of any bank overdraft.

n. Trade and other receivables

Trade and other receivables are recognised initially at original invoice or fair value plus any transaction costs and then subsequently measured at amortised cost using the effective interest rate method, less impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an on-going basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified.An impairment provision is recognised when there is objective evidence that the entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts greater than trade terms are considered objective evidence of impairment. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

o. Work in progress – contracts with customers

Work in progress represents client cases which have not yet reached a conclusion and comprises of insurance claims, commercial claims and commercial litigation. Amounts ultimately owed to Meridian Lawyers are valued at the lower of cost and net realisable value, as fees are not rendered on matters until either the completion of a particular task or time period.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The following methodologies are used in determining the value of work completed:

Time Recording

Contracts for general and commercial law matters are billed based on time spent by a professional and is recorded against the matter at an agreed hourly rate. As permitted under AASB 15 Revenue from Contracts with customers, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations under these contracts has not been disclosed.

Estimated Fees Earned

Work in progress reflects the time recorded against each matter as at a particular date and is used as a guide in determining the professional and other fees that will ultimately be rendered to the relevant client, which is accrued and held as a receivable in the Statement of Financial Position.

Recognition of revenue

Work in progress is only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect to the contract at the end of the reporting period will not be subject to a significant reversal when the matter is concluded.

p. Investments

Investments comprise assets held to back insurance liabilities (also referred to as policyholder funds) and assets that represent shareholders' funds (fixed income assets surplus to those held for covering the insurance liability estimate, as well as other investments which include managed funds, infrastructure, property and hybrid securities). Investments that back insurance liabilities include fixed interest deposits, investments in unit trusts and investment loans. All investments are managed, and performance evaluated on a fair value basis for both external and internal reporting purposes in accordance with a documented investment policy.

Except for loans and receivables, all other investments are designated as fair value through profit or loss upon initial recognition. They are initially recorded at fair value (being the cost of acquisition excluding transaction costs) and are subsequently remeasured to fair value at each reporting date. Changes in the fair value from the previous reporting date (or cost of acquisition excluding transaction costs if acquired during the financial period) are recognised as realised or unrealised investment gains or losses in profit or loss. Purchases and sales of investments are recognised on a trade date basis being the date on which a commitment is made to purchase or sell the asset. Transaction costs for purchases of investments are expensed as incurred and presented in the statement of comprehensive income as investment expenses. Investments are derecognised when the rights to receive future cash flows from the assets have expired or have been transferred and substantially all the risk and rewards of ownership have transferred.

For securities traded in an active market, fair value is determined by reference to published bid price quotations. For unlisted unit trusts this generally means using the net asset value provided by the trustee. For investments not traded in active market, the fair value is determined using appropriate valuation techniques based on Guild's proportion of net assets.

Investment revenue, comprising dividends, trust distributions and interest, is brought to account on an accrual basis.Revenue on investment in equity securities and unit trusts is deemed to accrue on the date the dividends/distributions are declared, which for listed equity securities is deemed to be the ex-dividend date. Dividend revenue from Australian equities is received net of any franking credits.

Loans and receivables are non-derivative investments with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. Amortised cost approximates to fair value.

q. Property, plant and equipment

Cost and valuation

Plant and equipment is stated at historical cost, net of accumulated depreciation and/or any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(i) Leasehold improvements
over the terms of the various leases

(ii) Fixtures and fittings
2-13 years

The residual values, useful lives, impairment and amortisation methods are reviewed and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

r. Right of use assets

Right-of-use assets are initially recorded at the cost value of the lease liability, along with adjustments for costs directly linked to the acquisition, either added or subtracted. Depreciation is computed using the straight-line approach, distributing the asset's cost minus any remaining value over the estimated economically useful lifespan, spanning from 2 to 10 years.

Payments associated with short-term leases of property, motor vehicles and equipment are recognised on a straight-line basis as an expense in profit or loss. Short-term leases have a lease term of 12 months or less.

Operating leases of equipment, motor vehicles and property are recognised as Right-of-use assets from 1 July 2019.

s. Goodwill and intangible assets

Goodwill

Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in the business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible Asset – System development costs

An intangible asset arising from development expenditure on an internal project is recognised only when the entity can demonstrate:

> The technical feasibility of completing the intangible asset so that it will be available for use;

> Its intention to complete and its ability to use the asset;

> How the asset will generate future economic benefits;

> The availability of resources to complete the asset;

> The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use.

Amortisation is calculated on a straight-line basis over their estimated useful lives as follows:

i. Guidewire Insurance System
5 year period

ii. Digital Platforms
5 year period;

iii. Practice Management Software
10 year period.

t. Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

u. Lease liabilities

Liabilities arising from a lease are initially measured as the present value of lease payments over the term of the agreement that are not paid at that date. Lease liabilities include the following lease payments:

> Fixed payments (including in-substance fixed payments), less any lease incentives receivable; and

> variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date. At 30 June 2023 there were no variable lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group has also elected not to recognise ROU assets and lease liabilities for leases of low-value assets (i.e. < $5,000) and short-term leases (i.e. < 12 months). Options (extension / termination) on lease contracts are considered on a case by case basis following a regular management assessment. When an agreement includes an option to extend the lease term, the probability of renewing the lease is assessed and includes the renewal term in the ROU asset and lease liability measurement where the option to extend the lease is reasonably certain.

The Group has used one single Incremental Borrowing Rate (IBR) of 3.71% for a portfolio of leases having similar risk characteristics. New leases executed in the financial year for Melbourne & Sydney offices are being discounted at an IBR of 7.61% and 8.26% respectively.

v. Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When some or all of a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Liabilities, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expected future payments are discounted using market yields at the reporting date on corporate bonds (employee provisions) or national government bonds (other provisions) with terms to maturity that match, as closely as possible, the estimated future cash outflows.

w. Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs are recognised as an expense when incurred.

x. Income tax and other taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of a right-of-use asset or lease liability arising from initial adoption of AASB 16, or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of a right-of-use asset or lease liability arising from initial adoption of AASB 16, or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are reported on a net basis as per AASB 112.74.

Tax consolidation legislation

Guild Group Holdings Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Guild Group Holdings Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Guild Group Holdings Limited also recognises the current liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable.Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

y. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

z. Business combination under common control

Gold Cross Products and Services Pty Ltd was acquired by Guild Insurance Limited in 2021 and has been accounted for using business combinations under common control.

aa. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 35. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management Framework ('RMF')

The Guild Group has a formally approved RMF in place that describes the strategies and approach for effectively identifying, assessing and managing material risks across the organisation. The Group's RMF is considered an enterprise-wide capability in that it is a fully integrated and active process within all Group entities, business lines and support service functional areas. The presence of the RMF supports the Group's belief that having an effective risk management framework in place is considered a critical element in supporting the organisation meet its strategic and operational goals.

The RMF details the layers of managerial responsibility, risk management related policies and the key processes used to identify, assess, monitor, report on and mitigate all material risks that have the potential (if realised) to impact the Group achieving its strategic objectives. The Board has delegated its authority for the oversight of the RMF to the Risk Management & Compliance Committee. In turn the Risk Management & Compliance Committee works closely with the Chief Executive Officer ('CEO'), the Chief Risk Officer ('CRO') and the dedicated risk management function to ensure that the RMF remains appropriate and effective. The CRO is charged with overall functional responsibility for the RMF and risk management capability. The Group's Executive Leadership Team also assists the CEO by providing additional support to ensure the management of risk, within established risk appetite parameters, is appropriately maintained across the Group.

A major element of the RMF is the formally approved Risk Appetite Statement ('RAS') which is an overall declaration regarding the amount and type of risk that the Board is prepared to accept in order to achieve its strategic and operational objectives.The RAS has been developed by incorporating the expectations of various stakeholders and are aligned to the principles of:

- Fulfilling customer and stakeholder obligations;
- Maintaining financial strength;
- Delivering satisfactory shareholder returns and to grow cash earnings in a capital-efficient manner;
- Meeting regulatory obligations, maintaining licenses and not requiring supervisory intervention; and
- Preventing reputational damage to Guild Group.

The RAS references the material risks relevant to the context of the business's operating environment and establishes specific risk tolerance limits which form the basis for ongoing Board governance reporting and oversight. The Guild Group RMF has recently gone through a transformation to uplift the Group's risk management capabilities. This has resulted in changes in the risk management artefacts, including the incorporation of the previous Risk Management Strategy (RMS) into the main RMF framework document and creation of a RAS Framework and Controls Assurance Framework.

In conjunction with the application of the RMF, the risks currently considered material to the Group are discussed below.

a. Governance Risk

Governance risk involves any risks associated with insufficient or ineffective processes being in place to ensure appropriate oversight and decision making within the Group. This includes a lack of transparency over decision-making processes, conflicts of interest, fitness & propriety issues, delegation of roles and responsibilities, and remuneration structures.

Key controls for mitigating Governance Risk

- The Group has a governance framework in place that includes director education, Board Charters, Board renewal processes, Board Remuneration & Nominations Committee and associated polices, conflicts recognition and a company secretariat function. Delegations of Authority have also been established and formally approved by the Board.
- A Risk Management & Compliance Committee and an Audit Committee is in place that operates under formal Terms of Reference and delegation from the Board.
- A Fit & Proper Policy is in place that provides the establishment and monitoring processes for persons acting in positions of responsibility (Responsible Persons).Group.
- A Conflicts Management Framework is in place that includes policies for Conflicts of Interest and Gifts & Entertainment.
- A Whistle-blower Policy is in place that informs employees of the Whistle-blower hotline and how to make a confidential report of any areas of concern. The purpose of the policy is to encourage the reporting of matters that may cause financial/non-financial loss or damage our reputation.

b. Strategic Risk

Strategic risk refers to any risks associated with the strategic / Business plan and includes risks that may impact the Group as a result of strategic initiatives and/or the business plan being inadequately established or coordinated. This risk also includes issues concerning business efficiency, product or service design, and association, broker and/or client relationship maintenance.

Key controls for mitigating Strategic Risk

- The Group's Strategic Business Plan is reviewed and formally approved by the Board annually. Regular reporting to the Board occurs regarding actual performance against the Strategic Business Plan.
- Strategic / continuous improvement initiatives are underway that are intended to improve business efficiency across the Group.
- Regular competitor analysis is conducted and market competitiveness is also considered during the Group's business pricing process.
- Resource planning and continuous forward-looking prioritisation approach.
- A tiered model is in place to facilitate key relationship engagement occurring on a regular basis.

c. Capital Management Risk

Capital management risk relates to the potential for financial issues occurring that may be amplified by the Group's inability to access capital, and/or that the Group's current capital adequacy requirements are being adversely impacted.

Key controls for mitigating Capital Management Risk

- The Group has a formally approved Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement that identifies and documents the policies, procedures, systems and controls in place to manage associated capital related risks and to ensure that capital is held commensurate with the relevant level of risk. The ICAAP also articulates the Group's strategy for maintaining adequate capital over time, including the setting of capital targets that are consistent with the Group's risk profile, its risk appetite and the relevant regulatory requirements.
- Calculations occur quarterly to monitor the adequacy of capital being maintained within a specified risk appetite range and these calculations are also reported to the Board quarterly for appropriate governance oversight.
- Capital management processes and calculations are subject to review by the Group Actuary.

d. Insurance Risk

Insurance risk is associated with claims management (including leakage and blowout in supplier manager costs), poor service standards, adverse risk acceptance, inadequate pricing or unintended product exposure or misleading disclosure. It also covers inadequate reinsurance management and incurring of losses above reinsurance treaty limits. For Guild Trustee Services, insurance risk represents the risk of not delivering insured benefit obligations to members/beneficiaries.

Key controls for mitigating Insurance Risk

To mitigate the impact of insurance risk, the entity has the RAS, ICAAP summary statement, RMF as well as the following key policies and procedures in place:

Selection and Pricing of Risk

- Underwriting authority is delegated to experienced underwriters following a detailed analysis of each class of business being underwritten by the Group.
- Implementation and triennially review of underwriting guidelines and criteria covering the classes of risk the Group is authorised to underwrite.
- Maximum limits are set for the acceptance of risk on an individual contract basis, for classes of business and across the portfolio

with particular attention paid to geographic exposure, industry segment and the Group's risk appetite and tolerance.

- Management information systems are used to provide current reliable and accurate data about the various risks being underwritten by the business.
- In-house pricing models are formulated and monitored by the analytics unit within the Insurance division using historical pricing and statistical data as well as claims analysis for each portfolio. Economic data and industry information is gathered to ensure underwriters are aware of current developments and prevailing conditions in the markets being underwritten and the expected future trends facing those markets.
- An Underwriting Committee is in place to oversee, investigate and determine the processes necessary to address the pricing of insurance products, and also to provide strategic direction in relation to the management of insurance portfolios.

Concentration Risk

- Relevant risk appetite parameters are in place requiring the diversification of the insurance portfolio across classes, industries and regions. Concentration exposure is monitored on a regular basis ensuring the portfolio is sufficiently diversified such that there is no undue concentration by risk class or by industry.
- The Reinsurance program and risk tolerances are subject to the principles set out in the Reinsurance Management Strategy (ReMS).
- Reinsurance is used to limit the entity's exposure to individual claims and catastrophes. Guild Insurance purchases reinsurance to limit its exposure accordingly within the entity's risk appetite.
- Catastrophe reinsurance is purchased to ensure that any accumulation of losses from one area is protected.
- Capital Committee is in place which also reviews the adequacy and effectiveness of our reinsurance program.

Claims Management and Reserving

- Claims reserves are established by local knowledge from claims officers, underwriters and specialist advisors. The Group Actuary provides an independent assessment of the provision at least semi-annually.

e. Liquidity Risk

Liquidity risk is concerned with the risk of there being insufficient capital reserves or cash resources to meet payment obligations without affecting the daily operations of the financial condition of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

Key Controls for mitigating Liquidity Risk

- Investment portfolio mandates and policy provide sufficient cash deposits to meet day-to-day obligations.
- Investment funds set aside within the portfolio can be realised to meet significant claims payment obligations.
- In the event of a catastrophe, immediate cash access once retention limit is reached is available under the terms of reinsurance arrangements.
- Financing facility with set limits for loans, leasing and guarantees.
- Regular monitoring of liquidity levels.

A maturity analysis of the Group's cash, trade receivables, investments and reinsurance and other recoveries receivable by contractual maturity is provided in the following table along with maturity analysis of trade payables, interest bearing loans and the estimated net discounted outstanding claims liability based on the remaining term to payment at the reporting date.

This maturity profile is a key tool used in the investment of assets backing insurance liabilities in accordance with the policy of matching the maturity profile of the assets with the estimated pattern of claims payments.

	< 6 Months	6-12 Months	1-5 Years	>5 Years	Total
2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and cash equivalents	54,400	–	–	–	54,400
Trade and other receivables	170,518	2,628	–	–	173,146
Investments	27,682	11,547	214,327	77,969	331,525
Reinsurance and other recoveries receivable	24,879	12,151	22,090	8,861	67,981
	277,479	**26,326**	**236,417**	**86,830**	**627,052**
Financial Liabilities					
Trade and other payables	33,242	14,246	–	–	47,488
Interest Bearing Borrowings	–	–	20,642	–	20,642
Lease Liabilities	1,475	1,802	18,189	–	21,466
Claims liabilities	72,053	45,801	143,786	45,367	307,007
	106,770	61,849	182,617	45,367	396,603
Net Maturity	**170,709**	**(35,523)**	**53,800**	**41,463**	**230,449**

			Consolidated		
	< 6 Months	6-12 Months	1-5 Years	>5 Years	Total
2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and cash equivalents	36,522	–	–	–	36,522
Trade and other receivables	155,043	2,628	–	–	157,670
Investments	54,079	44,145	160,491	88,278	346,993
Reinsurance and other recoveries receivable	48,292	16,249	20,956	13,698	99,195
	293,936	**63,022**	**181,447**	**101,976**	**640,380**
Financial Liabilities					
Trade and other payables	34,118	14,622	–	–	48,740
Interest Bearing Borrowings	–	–	17,252	–	17,252
Lease Liabilities	2,877	3,516	9,330	–	15,723
Claims liabilities	98,541	47,640	133,309	48,326	327,816
	135,536	65,778	159,891	48,326	409,531
Net Maturity	**158,400**	**(2,756)**	**21,556**	**53,650**	**230,849**

f. Credit (Financial) Risk

Credit (Financial) risk relates to the default of counterparty (including reinsurer), credit provider, broker or customer, resulting in them not meeting their contractual obligations. The Group's credit risk arises predominantly from trade receivables, reinsurance recoveries and investments.

Key controls for mitigating Credit (Financial) Risk

To mitigate the impact of credit risk, the following key policies and procedures in place:

- The Group's Reinsurance Management Strategy provides rating guidelines for the reinsurers we engage with. Where the credit rating of a reinsurer falls below the required quality during the period of risk, a contractual right to replace the counterparty exists.
- Clearly defined credit policies for the approval and management of credit risk in relation to reinsurers are in place.
- The Group Finance function monitors credit ratings of credit providers and has in place tracking mechanisms for aged receivables.

Trade Receivables

- Trade (including premiums) receivables are mostly due direct from the client or insurance brokers with a proportion coming from monthly instalments along with amounts receivable from related parties. Late premium payments will result in the cancellation of the insurance contract with the policy holder, eliminating both the credit risk and insurance risk for the unpaid balance.

- The maximum exposure to credit risk as at reporting date is indicated by the carrying amounts of the trade receivables on the Statement of Financial Position, with the ageing in Note 9.
- A Debtor Management policy is in place that outlines the appropriate processes and procedures for staff dealing with the management of debtors.

Reinsurance Recoveries

- Clearly defined credit policies for the approval and management of credit risk in relation to reinsurers are in place.
- Reinsurance arrangements are monitored and managed internally and by specialised reinsurance brokers operating in the international reinsurance market. Concentration of credit risk is mitigated by placement of cover with a number of reinsurers of at least A- rating as determined by Standard & Poor's ("S&P") or AM Best equivalent.

Investments

- Investments in financial instruments in the investment portfolio are held in accordance with the Investment Policy. Credit and counterparty limits have been established within the policy to ensure counterparties have appropriate credit ratings and that concentration risk is minimised. The Group limits its exposure to credit risk by investing in fixed income instruments with various counter parties of S&P, Moody's and/or Fitch investment grade other than the Guild Loan book which provides finance for business purposes (i.e. motor vehicle, commercial property requirements and business equipment acquisitions) to approved Guild Group customers. The credit risk relating to investments is monitored and assessed regularly.
- There is credit risk exposure from investments in fixed term deposits with Australian banks which are regulated by APRA. The maximum exposure to credit risk as at reporting date is the carrying amounts of the investments in the Statement of Financial Position as they are measured at fair value.
- Credit derivatives to offset its credit exposure are not held.

The following table provides information regarding the credit risk exposure to trade receivables, reinsurance recoveries and investments.

	Neither past-due nor impaired			
	Investment grade	Non-investment grade: satisfactory	Past-due but not impaired	Total
2023	$'000	$'000	$'000	$'000
Cash and cash equivalents	54,400	—	—	54,400
Interest bearing investments	246,078	85,447	—	331,525
Trade and other receivables	—	163,944	9,202	173,146
Reinsurance and other recoveries receivable	67,981	—	—	67,981
Total credit risk exposure	**368,459**	**249,391**	**9,202**	**627,052**
2022				
Cash and cash equivalents	36,522	—	—	36,522
Interest bearing investments	263,677	83,317	—	346,994
Trade and other receivables	—	146,920	10,752	157,672
Reinsurance and other recoveries receivable	99,195	—	—	99,195
Total credit risk exposure	**399,394**	**230,237**	**10,752**	**640,383**

	< 30 days	31 to 60 days	61 to 90 days	91+ days	Total past-due but not impaired
2023	$'000	$'000	$'000	$'000	$'000
Trade and other receivables	—	4,664	2,595	1,943	9,202
Total credit risk exposure	**—**	**4,664**	**2,595**	**1,943**	**9,202**
2022					
Trade and other receivables	—	4,230	2,832	3,690	10,752
Total credit risk exposure	**—**	**4,230**	**2,832**	**3,690**	**10,752**

g. Market and Investment Risk

Market and investment risk is the possibility that the Group will experience losses due to factors that affect the overall performance of investments in the financial markets.This includes the risk of unfavourable changes in interest rates, equity prices, credit spreads, commodity prices and investment market volatilities.

Key controls for mitigating Market and Investment Risk

> To mitigate risks associated with investments, an Investment Policy is in place that provides restrictions for risk appetite and liability matching, transaction supervision, defined monthly and exception reporting processes.

> A Capital Committee is also in place to regularly review investment strategy, performance and compliance with the Investment Policy.

The Group is exposed to mainly the following categories of market investment risks – interest rate risk and equity price risk.The key controls for mitigating these risks are outlined below.

Market Interest rate risk

Interest rate risk is the risk of loss arising from an unfavourable movement in market interest rates. Fixed interest rate assets and liabilities create exposure to fair value interest rate risk which is a market risk. Financial assets and liabilities with floating interest rates create exposure to cash flow interest rate risk.

Key controls for mitigating Interest Rate Risk - Assets

> Exposure to interest rate risk is monitored through several measures that include position limits, scenario testing, stress testing, and asset and liability matching using measures such as duration.

Key controls for mitigating Interest Rate Risk - Liabilities

> The Group has a policy of investing in assets backing insurance liabilities principally in fixed interest securities broadly matched to the expected payment pattern of the insurance liabilities. Movements in investment income on assets backing insurance liabilities broadly offset the impact of movements in discount rates on the insurance liabilities.

> Interest bearing liabilities (bank loans) are exposed to interest rate risk but as they are measured at amortised cost they therefore do not expose the Group to fair value interest rate risk. In addition, interest bearing liabilities bearing fixed interest rates reduce the entity's exposure to cash flow interest rate risk.

Sensitivity Analysis

The sensitivity analysis provided in the following table demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. The investments in interest bearing securities are recognised on the balance sheet at fair value. Movements in market interest rates impact the price of the securities (and hence their fair value measurement) and so would impact profit. The impact from the measurement of the interest bearing securities held at reporting date of a change in interest rates at reporting date by +1% or -1% on profit after tax, is shown in the table below.

		2023	2022
		$'000	$'000
		Post Tax Profit	Post Tax Profit
Financial assets - Interest Bearing Securities	+1%	**3,721**	3,757
	-1%	**(3,721)**	(3,757)

Investment – Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to individual stocks or factors affecting all instruments in the market.

Key controls for mitigating Equity Price Risk

> To limit equity price risk, investments are held in a diversified Australian share trust in accordance with limits set by the Board. The majority of the equity investments within the trust are of a high quality and are publicly traded on the ASX 300 Index.

> Risk appetite parameters have been established defining the upper and lower limits for equity asset allocation.

Sensitivity Analysis

The impact from the measurement of the investments held at reporting date of a change in equity values at reporting date by +10% or -10% on profit after tax, is shown in the table below.

		2023	2022
		$'000	$'000
		Post Tax Profit	Post Tax Profit
Investments - Infrastructure & Unlisted Unit Trust (Level 3)	+10%	4,157	4,010
	-10%	(4,157)	(4,010)

h. Operational Risk

Operational risk is the risk of financial loss (including lost opportunities) resulting from external events and/or inadequate or failed internal processes, wherein people, processes and systems fail to perform as required. Operational risk can have overlaps with all of the other risk categories. When controls fail, operational risk events can cause injury, damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but manages these by initiating an appropriate control framework and by monitoring and responding to potential risks, and thereby minimise exposure to such risks.

Key controls for mitigating Operational Risk

> In conjunction with the various policies and processes that make up the Group's RMF, the identification, assessment, management and monitoring of operational risk is regularly performed. In addition to this, the RMS & ICAAP (incorporating the Group's Capital Management Plan) also include specific consideration of operational risk being identified and assessed on an ongoing basis.

These include:

> Quality assurance programs within business lines.

> Management monitoring and exception reporting. Compliance Plan and adherence to plan monitored by a dedicated Compliance team.

> Financial crime and fraud mitigation controls.

> Business continuity and disaster recovery planning and periodic testing.

> Policies and procedural controls, including those around underwriting and claims management.

> Information Security and Technology controls, including privileged access management, vulnerabilities scanning, patch management.The Risk Management and Compliance Committee receives regular reporting on operational risks and vendor management.

> Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities and a designated Risk, Audit & Compliance function that monitors processes and procedures involving the management of operational risk.

Regulatory Risk

Regulatory Risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation which the Group may suffer as a result of its failure to comply with all applicable regulations, codes of conduct and good practice standards.

Key controls for mitigating Regulatory Risk

> In conjunction with the various licences and regulatory obligations operated under, a Group Compliance Plan has been developed covering all regulated entities and adherence to the Plan is monitored by Compliance via controls testing and attestation process. Any breach (potential or actual) of a regulatory obligation, will be managed by the established incident management process that forms part of the RMF.

> Commensurate with operating within the heavily regulated Australian financial services industry, our Risk, Audit & Compliance function facilitates a process whereby any regulatory change resulting from new or amended legislation / regulation will be identified, assessed and the appropriate areas are engaged to ensure the changes are addressed as necessary.

Outsourcing Risk

Outsourcing risk is the risk of material service providers and / or external third party suppliers being poorly selected and / or failing to meet their obligations under the outsourced arrangements, including in respect to adequacy of resources, resulting in material loss, or significant reputational damage or regulatory action.

Key controls for mitigating Outsourcing Risk

> A Vendor Management framework is is being established to uplift the discipline behind the process of working with vendors, controlling costs and increasing value, while ensuring quality and mitigating risks. It also assists in promoting a productive and successful relationship between both parties.

> A Material Outsourcing policy describes the framework and processes for ensuring that all risks arising from outsourcing material business activities are being appropriately managed. These processes include the initial due diligence of any intended outsourced providers or service, a formal agreement being established that contains specified service levels,and performance monitoring being regularly undertaken against the established service levels being provided by the outsourced provider. The policy, along with its associated policies, is considered a key part of the RMF.

i. Climate Risk

Guild, through its operations, is exposed to the impacts of natural peril events including cyclones, wind, hail, floods, and fire which are inherently unpredictable in both frequency and severity. There is a risk that the frequency and/or the severity of such events may continue to increase over time due to climate change.

Claims arising out of such natural peril events can be substantial and can adversely affect the Group's financial performance. Reinsurance and underwriting standards are used by the Group to mitigate the potential claims cost arising from natural peril events.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

COVID-19 related potential Business Interruption claims

The Group has considered the impact from the COVID-19 pandemic in its assumptions for measuring outstanding claims liabilities. At the reporting date, outstanding claims liabilities inclusive of risk margins relating to business interruption have been reduced to nil following the decision by the High Court of Australia to decline hearing appeals arising from the Insurance Council of Australia's second test case which effectively decided that GIL's insureds had no substantive cover unless the insured could atleast establish the presence of COVID-19 at their business premises. At the previous reporting date a provision of $5.3m was held on Guild Insurance Limited's balance sheet while the High Court of Australia heard oral arguments on leave to appeal for three matters decided in the second test case.

a. Ultimate liability arising from claims made under insurance contracts

A liability is recorded at the end of the year for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the Group.

The estimated net cost of claims includes direct expenses to be incurred in settling claims net of the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims liabilities, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. IBNR claims may often not be reported until many years after the events giving rise to the claims that have occurred. Long-tail classes of business will typically display greater variations between initial estimates and final outcomes because there is a greater degree of difficulty in estimating IBNR reserves. Short-tail claims are typically reported soon after the claim event, and hence, tend to display lower levels of volatility.

In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical Group and industry experience that assumes that the development pattern of the current claims will be consistent with past Group experience and/or general industry benchmarks as appropriate. Allowance is made, however, for changes or uncertainties that may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or decrease when compared with the cost of previously settled claims.

Details of specific actuarial techniques and assumptions used and analysis of the outstanding claims liabilities at the reporting date are described in Note 25.

At each reporting date, the adequacy of the unearned premium liability is assessed on a net of reinsurance basis against the present value of the expected future cash flows relating to potential future claims, plus a risk margin to reflect the inherent uncertainty of the central estimate (refer Note 25). Future claims are those claims expected to arise from claims events occurring after the reporting date. The assessment is carried out using the same methods described in Note 2l.AASB 1023 requires that this test be carried out at the level of a "portfolio of contracts that are subject to broadly similar risks and are managed together in a single portfolio". As AASB 1023 does not explicitly define "broadly similar risks" or "managed together as a single portfolio", the Group has interpreted these terms in a way that reflects our day to day approach to managing the various risks to which the Group is exposed. The Group's portfolios are structured in a way that facilitates the efficient and effective management of our insurance businesses, and recognises that these businesses are subject to broadly similar risks such as the interest and inflation rate environment, pricing risk, credit risk, social and political risks such as unemployment and social unrest, and common insurance risks such as exposure to weather-related or other natural catastrophe risks.

b. Assets arising from reinsurance contracts and other recoveries

Estimates of reinsurance and other recoveries are also determined using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Group may not receive amounts due and these amounts can be reliably measured. Analysis of reinsurance recoveries is provided in Note 10.

c. Trade debtors and other receivables

Trade receivables are recognised initially at fair value plus transaction costs and then subsequently measured at amortised cost using the effective interest rate method, less impairment. Collectability of trade receivables is reviewed on an on-going basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts greater than trade terms are considered objective evidence of impairment.

d. Annual impairment tests

The Group tests annually whether goodwill and identifiable intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 2s The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 19 for details of these assumptions and the potential impact of changes to the assumptions.

e. Deferred tax assets

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. If the entity fails to satisfy the tests, carried forward losses of $29,412 that are currently recognised as deferred tax asset would have to be written off to income tax expense.

f. Deferral of revenue – contracts with customers

The Group defers revenue to a liability balance sheet account as a contract liability and recognises the revenue over the contract period, consistent with the satisfaction of performance obligations and the recognition of revenue. The Group re-assess the balance on a periodic basis to reflect significant changes in the expected timing of satisfying performance obligations to which the liability relates.

g. Revenue recognition – revenue from contracts with customers

Superannuation

1. **Identifying the Performance obligations**

Contracts with clients generally comprise of a single distinct performance obligation, once the service has been provided at end of the month and the transaction price is allocated to this single performance obligation. Management considers the methods used provide a reasonable depiction of the transfer of goods or services.

2. **Estimating the Transaction price:**

The Company allocates the transaction price to each performance obligation based on the Product Disclosure Statement. Allocation of transaction price is otherwise based on either daily or monthly participation, depending on the revenue category and the members options.

Legal fees

1. **Identifying the Performance obligations**

In insurance and commercial matters contracts with clients generally comprise of a single distinct performance obligation, being the provision of services in pursuit of the successful settlement of the client's claim and the transaction price is allocated to this single performance obligation. Some contracts contain multiple deliverables, and, in such circumstances, these multiple deliverables are considered to represent a single distinct performance obligation. Management considers the methods used provide a reasonable depiction of the transfer of goods or services.

2. **Estimating the Transaction price: Variable consideration Class Action Arrangements**

The entity provides various services based on a part conditional fee arrangement. The uncertainty around the full fees ultimately receivable under these arrangements is generally only fully resolved when a matter is concluded.

Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of the reporting period will not be subject to significant reversal when a matter is concluded.

3. **Work in Progress**

Work in progress represents client cases which have not yet reached a conclusion. Stage of completion is measured by the labour hours incurred valued at chargeable hourly rates, less allowance for any amounts expected not to be recovered, to date compared to that expected on completion.

Work in progress is only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect to the contract at the end of the reporting period will not be subject to a significant reversal when the matter is concluded.

Medicines information and subscription revenue

1. **Identifying the Performance obligations**

Contracts with medicines information clients are recognised as performance obligations are satisfied over time, by reference to the stage of completion of a contract or contracts in progress at the reporting date. Stage of completion is measured by reference to the date that each annual maintenance contract expires. Subscription revenue is recognised on a straight-line basis over the term of contract, in line with the timing as to when the customer simultaneously receives and consumes the benefits of the services.

2. **Estimating the Transaction price:**

The Group's customer contracts may include multiple performance obligations. In these cases, the Company allocates the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct service. Stand-alone selling prices are determined based on prices charged to customers for individual products and services, taking into consideration the size and length of contracts and the Company's overall go-to-market strategy.

Investment in Associates

An Associate is an entity over where Guild Group has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control), and investments in Associates are, with limited exceptions, required to be accounted for using the equity method. Recognition of the profit/(loss) in the Associate is only included to the extent that the financial statements of the Associate have been independently audited and are the latest available not exceeding three months from the current reporting date.

5. REVENUE AND EXPENSES

	2023	2022
	$'000	$'000
Revenue		
a. Premium revenue	**287,100**	263,745
b. Investment revenue on assets backing policyholder funds		
Interest income	**6,455**	6,287
Income from managed funds	**163**	525
Realised losses on financial assets	**(544)**	(5,174)
Unrealised gains/(losses) on financial assets held at fair value	**512**	(10,987)
Distributions from unit trust	**263**	263
	6,849	(9,086)
c. Investment revenue on assets backing shareholder funds		
Interest income	**2,541**	2,514
Income from managed funds	**493**	1,594
Realised gains/(losses) on financial assets	**(218)**	(1,501)
Unrealised gains/(losses) on financial assets held at fair value	**(2,100)**	(7,915)
Distributions from unit trust	**1,367**	1,819
	2,083	(3,489)
d. Fee and other income		
Reinsurance commission	**33,610**	24,510
Revenue from contract with customers under AASB 15 (see below)	**51,599**	47,978
Other revenue	**6,481**	5,799
	91,690	78,287
Revenue from contracts with customers		
Type of contract		
Time and Materials - Insurance (legal fees)	**24,349**	19,195
Time and Materials - Commercial (legal fees)	**3,838**	4,208
Superannuation fees	**19,322**	20,688
Insurance administration	**782**	763
Gold Cross Net Income	**3,308**	3,124
Total revenue from contracts with customers	**51,599**	47,978

5. REVENUE AND EXPENSES CONT'D	2023	2022
	$'000	$'000
Expenses		
e. Gross claims expense		
Gross claims - current year	**159,047**	217,195
Gross claims - prior years	**(47,917)**	(50,498)
Impact of discounting	**(5,234)**	(28,284)
	105,896	138,413
f. Reinsurance and other recoveries revenue		
Reinsurance and other recoveries - current year	**58,666**	88,723
Reinsurance and other recoveries - prior years	**(30,225)**	2,607
Impact of discounting	**(1,953)**	9,221
	26,488	100,551
g. Net claims expense		
Net claims - current year	**100,382**	128,472
Net claims - prior years	**(17,692)**	(53,105)
Impact of discounting	**(3,282)**	(37,505)
	79,408	37,862
h. Acquisition costs		
Commissions and referral fees	**32,413**	28,857
Other acquisition costs	**17,264**	16,572
	49,677	45,429
i. Underwriting and other expenses		
Other underwriting expenses	**47,002**	40,739
Fire service levy expense	**8,839**	8,763
	55,841	49,502
j. Finance costs		
Interest expenses - parent entity	**1,268**	740
k. Other expenses		
Depreciation - property, plant and equipment	**915**	669
Employee Entitlements	**11,105**	10,224
Amortisation of intangible assets and goodwill	**1,849**	2,316
Depreciation of right-of-use assets	**5,350**	5,709
Interest expense on lease liabilities	**589**	480
	19,808	19,398

5. REVENUE AND EXPENSES CONT'D	2023	2022
	$'000	$'000
I. Provisions		
Doubtful debts - trade and other receivables	**(222)**	144
Doubtful debts - loans and receivables	**(23)**	—
Employee entitlements	**126**	(3,568)
Total provisions	**(119)**	(3,424)

6. INCOME TAX	2023	2022
	$'000	$'000
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge	**8,169**	14,861
Adjustments in respect of current income tax of previous years	**(1,233)**	(2,978)
Other Adjustments	**717**	—
Deferred income tax		
Relating to origination and reversal of temporary differences	**536**	(6,218)
Adjustments in respect of income tax of previous years	**760**	3,413
Movement in booked losses	**—**	609
Other Adjustments	**(608)**	—
Income tax (credit) / expense reported in the statement of comprehensive income	**8,341**	9,687
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the company's applicable income tax rate is as follows:		
Accounting profit/(loss) before income tax	**19,592**	32,663
Profit/(loss) before income tax from a discontinued operation	**—**	(2,594)
Accounting profit/(loss) before income tax	**19,592**	30,069
At the company's statutory income tax rate @ 30% (2022:30%)	**7,154**	10,031
Adjustments in respect of current income tax of previous year	**(481)**	359
Expenditure not allowable for income tax purposes	**47**	43
Other	**1,621**	(46)
Income tax (credit) / expense reported in the statement of comprehensive income	**8,341**	10,387
Income tax expense attributable to a discontinued operation	**—**	(700)
	8,341	9,687

Notes to the Financial Statements cont.

Year ended 30 June 2023

	Balance Sheet		Income Statement	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Revaluations of available-for-sale investments to fair value	**(113)**	(46)	67	(2,802)
Prepayments	**(222)**	(193)	29	74
Right-of-use assets	**(4,845)**	(3,691)	1,154	445
Work in progress	**(1,473)**	(1,233)	240	64
Other	**(704)**	(100)	604	51
Fixed Assets	**(410)**	—	410	(28)
Shares in Subsidiaries	**(2,095)**	—	2,095	—
	(9,862)	(5,263)		
Deferred tax assets				
Provisions	**5,787**	5,720	(67)	(538)
Revaluations of available-for-sale investments to fair value	**9,783**	9,805	21	(3,004)
Claims handling costs	**7,521**	5,546	(1,975)	(642)
Lease liabilities	**6,016**	4,284	(1,732)	(56)
Booked Losses	**—**	24	24	3,793
Other	**305**	422	118	385
Goldcross acquisition	**—**	—	—	60
	29,412	25,801		
Deferred income tax benefit			988	(2,198)
Reflected in the statement of financial position as follows:				
Deferred Tax Liabilities				
Continuing Operations	**(9,862)**	(5,263)		
Discontinued Operations	**—**	—		
Deferred Tax Assets				
Continuing Operations	**29,412**	25,503		
Discontinued Operations	**—**	298		
Net Deferred Tax Assets/(Liabilities)	**19,550**	20,538		

This benefit for tax losses will only be obtained if:

a. the subsidiary entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or

b. the subsidiary entity continues to comply with the conditions for deductibility imposed by tax legislation, and

c. no changes in tax legislation adversely affect the subsidiary entity in realising the benefit from the deductions for the losses.

At 30 June 2023, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2022 – $nil).

7. DIVIDENDS PAID AND PROPOSED

The Guild Group Holdings Limited board declared and paid two dividends of $4.0m in FY2023 which were paid to the Pharmacy Guild of Australia in December 2022 & March 2023 (2022: —$nil).

	2023	2022
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares	8,000	—

Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
> franking account balance as at the end of the financial year at 30% (2022: 30%)	**62,275**	64,141
> franking credits/debits that will arise from the payment of income tax payable/receivables at the end of the financial year	**11,934**	(1,866)
	74,210	62,275

The tax rate at which paid dividends have been franked is 30% (2022: 30%)

8. CASH AND CASH EQUIVALENTS

	2023	2022
a. Reconciliation to Cash Flow Statement	$'000	$'000
Cash balance comprises:		
Cash at bank and on hand	**54,400**	36,522

8. CASH AND CASH EQUIVALENTS CONT'D

b. Reconciliation of operating loss after income tax to the net cash flows from operations	2023 $'000	2022 $'000
Profit after income tax from operating activities	**11,250**	22,276
Profit/(Loss) after income tax from discontinued operations	**—**	(1,894)
Profit/Loss after income tax inclusive of discontinued operations	**11,250**	20,382
Adjustments for:		
Depreciation and amortisation	**8,114**	8,912
Movement in doubtful debts and impairment	**120**	155
Changes in fair value of financial assets	**1,622**	18,925
Movement in interest receivable	**(7,822)**	(7,906)
Movement in investment in joint venture	**(8)**	(10)
Movement in distributions from unit trust	**(1,587)**	3,088
Realisation of ROU Asset	**(1,419)**	—
Loss on sale of non current assets	**(830)**	(245)
Interest expense on lease liabilities	**589**	471
Changes in assets and liabilities		
Decrease/(Increase) in work in progress	**(800)**	(214)
Decrease/(Increase) in reinsurance and recoveries receivable	**15,279**	(29,904)
Decrease/(Increase) in deferred acquisition costs	**(2,547)**	(2,637)
Decrease/(Increase) in deferred outwards reinsurance premium expense	**(1,756)**	(19,020)
Increase/(Decrease) in claims liabilities	**(4,875)**	4,850
Increase/(Decrease) in premium liabilities	**17,837**	15,822
Increase/(Decrease) in amounts payable to reinsurers	**(6,978)**	9,747
Increase/(Decrease) in trade and other payables	**4,109**	3,198
Decrease/(Increase) in right of use asset	**(377)**	34
Decrease/(Increase) in other amounts receivable	**(2,974)**	—
Increase/(Decrease) in provisions	**1,611**	10,827
Increase/(Decrease) in income tax payable	**(9,401)**	12,930
Increase/(Decrease) in deferred income tax	**4,515**	5,263
Decrease/(Increase) in deferred tax assets	**(3,527)**	(7,601)
Increase/(Decrease) in accrued income	**182**	—
Increase/(Decrease) in deferred revenue	**(1,862)**	(75)
Decrease/(Increase) in trade and other receivables	**(14,558)**	(21,679)
Decrease/(Increase)in prepayments	**(1,025)**	992
Net cash flows (used in) / from operating activities	**2,882**	28,199

c. Changes in liabilities arising from financing activities

	1 July 2022 $'000	Cash Flows $'000	Additions $'000	Interest Charged $'000	Changes in Fair Values $'000	Risk Free Adjustment $'000	Other $'000	30 June 2023 $'000
Dividends Paid	—	(8,084)	—	—	—	—	—	(8,084)
Lease Liabilities	15,723	(3,029)	9,472	589	—	—	(1,289)	21,466

d. Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2023 $'000	2022 $'000
Total facilities		
> Bank overdraft	500	1,000
> Leasing/hire purchase/credit cards	1,500	1,582
> Loan facility - Macquarie Group Limited	3,600	—
> Bank guarantees	5,500	6,000
	11,100	8,582
Facilities used at reporting date		
> Bank overdraft	49	—
> Leasing/hire purchase/credit cards	303	277
> Loan facility - Macquarie Group Limited	3,390	—
> Bank guarantees	5,092	2,864
	8,834	3,141
Facilities unused at reporting date		
> Bank overdraft	451	1,000
> Leasing/hire purchase/credit cards	1,197	1,305
> Loan facility - Macquarie Group Limited	210	—
> Bank guarantees	408	3,136
	2,266	5,441

9. TRADE AND OTHER RECEIVABLES	**2023** **$'000**	2022 $'000
a. Trade receivables		
Trade receivables	**160,378**	143,905
Provision for impairment	**(415)**	(661)
	159,963	143,244
b. Other receivables		
Other amounts receivable	**2,835**	4,845
Loan receivable	**5,364**	5,493
Agency service debtors	**4,984**	4,089
	173,146	157,671

c. Provision for impairment

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $415,000 (2022: $661,000) has been recognised for specific 91+ days receivables and there is no past due but not impaired receivables which has not been recognised by the Group. No individual amount within the impairment allowance is material.

d. Maturity

	Total days $'000	0 – 30 days $'000	30 – 60 days $'000	60 – 90 days $'000	91+ days $'000
2023	**160,378**	**151,176**	**4,664**	**2,595**	**1,943**
2022	144,465	133,713	4,230	2,832	3,690

The loan receivable of $157,024 from Australian Childcare Alliance NSW is in relation to the Guild Early Learning Pty Ltd joint venture. Interest is calculated quarterly utilising the aggregate of the Australian Bond 5 year yield quoted by Bloomberg at 10.00am (AEST) and a margin of 1%. There are no set repayment terms or covenants.

Other receivable balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other receivable balances will be received when due.

e. Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security, nor is it the entity's policy to transfer (on-sell) receivables to special purpose entities.

f. Receivables are expected to be received within 12 months of the financial year end.

10. REINSURANCE AND OTHER RECOVERIES RECEIVABLE

	2023 **$'000**	2022 $'000
a. On outstanding claims		
Expected future recoveries (undiscounted)	**75,669**	108,836
Discount to present value	**(7,688)**	(9,641)
Reinsurance and other recoveries receivable	**67,981**	99,195

b. Maturity		
Expected to be realised within 12 months	**37,030**	64,541
Expected to be realised after 12 months	**30,951**	34,654
	67,981	99,195

c. Actuarial Assumptions

The effect of changes in assumptions on the net outstanding claims liability, which incorporates the reinsurance recoveries on outstanding claims and other recoveries receivable, is disclosed in the claims liability note.

11. INVESTMENTS	2023 $'000	2022 $'000
a. Fixed interest deposits - fair value	**251,580**	269,180
b. Investment in unlisted unit trust - fair value	**42,466**	41,504
c. Infrastructure investments	**16,919**	15,820
d. Loans *	**380**	561
e. Amounts receivable in respect of:		
Investment Loans	**20,180**	19,929
Expected to be realised within 12 months	**5,624**	6,220
Expected to be realised after 12 months	**14,556**	13,709
	20,180	19,929
	331,525	346,994
f. Maturity		
Expected to be realised within 12 months	**40,013**	97,068
Expected to be realised after 12 months	**291,512**	249,926
	331,525	346,994

* Loans have been made directly with selected Meridian senior employees for the purchase of Meridian Shares via the Employee Share Trust and are fully recourse.

Investments – determination of fair value

There has been no change during the current reporting period in the processes used for the determination of the fair value for investments.

The table below separates the total investments balance based on a hierarchy that reflects the significance of the inputs used in the determination of fair value. The fair value hierarchy has the following levels:

> Level 1 – the fair value is calculated using quoted prices in active markets;

> Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

> Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data. Amortised cost approximates to fair value.

11. INVESTMENTS CONT'D

	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
	$'000	$'000	$'000
2023			
Investments			
Investment in unlisted unit trust – fair value	**37,446**	**5,020**	**42,466**
Fixed interest deposits – fair value	**251,580**	**—**	**251,580**
Infrastructure Investment	**—**	**16,919**	**16,919**
Investment/other loans	**—**	**20,560**	**20,560**
	289,026	**42,499**	**331,525**
2022			
Investments			
Investment in unlisted unit trust – fair value	35,258	6,246	41,504
Fixed interest deposits – fair value	269,180	—	269,180
Agricultural investment	—	—	—
Infrastructure Investment	—	15,820	15,820
Investment/other loans	—	20,490	20,490
	304,438	42,556	346,994

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the valuation of infrastructure and unlisted unit trusts are unquoted share prices and the valuation of these investments are based on either recent transaction price or net asset values.

Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity of the input to fair value
Guild's proportion of net assets	Net asset value	+10% -10%	10% increase/(decrease) in net asset value will result in an increase/(decrease) in fair value by $2,194k.

	2023	2022
	$'000	$'000
Reconciliation of Level 3 fair value movements		
Opening balance	**42,556**	42,081
Fair value movement	**299**	(791)
New business/purchases	**16,919**	15,862
Repayments	**(17,275)**	(14,596)
Closing balance	**42,499**	42,556

12. INVESTMENT IN ASSOCIATES

The Group has a 17.45% interest in MedAdvisor Limited (ASX: MDR). The principal activities include the enhancement and growth of the MedAdvisor medication and adherence platform. The platform is focused on improving health outcomes by connecting health professionals with their patients using technology and enhancing medication adherence through health programs. Medadvisor's principal place of business is Level 2/971-977 Burke Rd, Camberwell Victoria 3124. The Group's interest in MedAdvisor Limited is accounted for using the equity method in the financial statements. The following table illustrates the Group's share of net profit/(loss) which is based on the latest available audited financial statements of MedAdvisor Limited, 30 June 2023.

	2023	2022
	$'000	$'000
Total Assets	**95,908**	–
Total Liabilities	**(47,446)**	–
Equity	**48,462**	–
Company's carrying amount of the investment		
All-Scrip Acquisition of Guildlink Pty Ltd	**9,139**	–
Securities issued under institutional offer	**4,884**	–
Sub-underwritten securities issued	**406**	–
Guild Group's share in net profit/(loss) for the year	**(1,853)**	–
a. Company's carrying amount of the investment	**12,576**	–
Net Profit/(Loss) for the year	**(10,619)**	–
b. Company's share of net profit/(loss) for the year	**(1,853)**	–

13. INVESTMENT IN JOINT VENTURE

The Group has a 50% interest in Guild Early Learning Pty Limited (2022: 50%) which involves general insurance underwriting for workers compensation. Guild Early Learning was incorporated in Australia and its registered office is Level 15, 171 Collins Street Melbourne, Victoria. The Group interest in Guild Early Learning Pty Limited is accounted for using the equity method in the financial statements. The following table illustrates the summarised financial information of the Company's investment in Guild Early Learning Pty Limited:

	2023 $'000	2022 $'000
Current assets	**6,272**	5,313
Current liabilities	**(5,303)**	(4,329)
Equity	**969**	984
Company's share in equity = 50% (2022: 50%)	**485**	492
a. Company's carrying amount of the investment	**485**	492
Revenue	**8,341**	7,206
Administrative expenses	**(8,356)**	(7,226)
Profit/(Loss) before income tax	**(15)**	(20)
Income tax expense	**—**	—
Net Profit/(Loss) for the year	**(15)**	(20)
b. Company's share of net profit/(loss) for the year	**(8)**	(10)

Guild Early Learning Pty Limited had no contingent liabilities or capital commitments as at 30 June 2023.

14. INVESTMENTS HELD ON TRUST	2023	2022
As the parent entity of Meridian Lawyers Limited, Guild Group Holdings Limited holds the following unallocated shares on behalf of the Employee Share Trust which remain available to eligible employees of Meridian Lawyers Limited at the reporting date:	**300**	131

15. PREPAYMENTS AND WORK IN PROGRESS	2023 $'000	2022 $'000
Work in progress – contract asset under AASB 15	**4,912**	4,112
Prepayments	**8,831**	7,577
Accrued income – contract under AASB 15	**—**	—
	13,743	11,689

16. DEFERRED INSURANCE ASSETS	**2023 $'000**	2022 $'000
16a. Deferred Acquisition Costs		
Carrying amount at the beginning of the period	**23,118**	20,481
Deferral of expenses in the period	**52,224**	48,066
Expensed in the period	**(49,677)**	(45,429)
Carrying amount at the end of the period	**25,665**	23,118
16b. Maturity		
Expected to be realised within 12 months	**25,665**	23,118
	25,665	23,118
16c. Deferred Outwards Reinsurance Premium Expense		
Carrying amount at the beginning of the period	**35,947**	23,543
Deferral of expenses in the period	**107,916**	112,115
Expensed in the period	**(108,821)**	(99,711)
Carrying amount at the end of the period	**35,042**	35,947
16d. Maturity		
Expected to be realised within 12 months	**35,042**	35,947
	35,042	35,947

17. PROPERTY, PLANT AND EQUIPMENT	**Leasehold Improvements $'000**	**Fixtures & Fittings $'000**	**Total $'000**
Reconciliation 2023			
Carrying amount at the beginning of the period	**36**	**1,669**	**1,705**
Additions	**404**	**4,425**	**4,829**
Utilised/Disposals	**—**	**(383)**	**(383)**
Depreciation charge for the year	**(76)**	**(606)**	**(682)**
Carrying amount at the end of the period	**364**	**5,105**	**5,469**
Reconciliation 2022			
Carrying amount at the beginning of the period	59	1,343	1,402
Additions	—	1,136	1,136
Utilised/Disposals	—	(116)	(116)
Depreciation charge for the year	(23)	(694)	(717)
Carrying amount at the end of the period	36	1,669	1,705

18. RIGHT-OF-USE ASSET	Property $'000	Motor Vehicle $'000	Equipment $'000	Total $'000
Reconciliation 2023				
As at July 2022	**12,806**	**286**	**194**	**13,286**
Additions	**9,180**	**293**	**—**	**9,473**
Less disposals	**(757)**	**(40)**	**—**	**(797)**
Depreciation	**(5,062)**	**(225)**	**(81)**	**(5,368)**
As at 30 June 2023	**16,167**	**314**	**113**	**16,594**
Reconciliation 2022				
As at July 2021	11,245	379	14	11,638
Additions	7,106	202	330	7,637
Less disposals	(148)	(56)	(61)	(265)
Depreciation	(5,397)	(239)	(89)	(5,725)
As at 30 June 2022	12,806	286	194	13,285

19. INTANGIBLE ASSETS AND GOODWILL	**2023 $'000**	2022 $'000
a. Goodwill		
Goodwill at the beginning of the year	**3,757**	3,757
Balance at end of year	**3,757**	3,757

Goodwill – Impairment Tests

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

The recoverable amount for the relevant CGU has been determined based on value-in-use calculations. The value-in-use is calculated using a discounted cash flow methodology covering a five year period with an appropriate terminal value at the end of year five less net assets required, for the CGU. The carrying value of identified intangible assets is deducted from the value generated from the cash flow projections to arrive at a recoverable value for goodwill which is then compared with the carrying value of goodwill.

Key assumptions used

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

> **Cash flow forecasts** – are based on cash flow projections from 2022/23 financial budgets, as well as the three year business plans approved by management and the Board. Five year periods are used to enable appropriate phasing to terminal values.

> **Terminal growth rates** – are based on past performance, market performance and management's expectations for future performance in each CGU.
Terminal growth rate 0% (2022 - 0%) – Zero growth rate has been applied for periods after year five.

> **Discount rate** – the discount rates used reflect management's estimate of the time value of money, and the benchmark to assess operating performance and to evaluate future investment proposals. Discount rate of 10% (2022 - 10%) has been applied which is the pre-tax hurdle rate.

Sensitivity – Superannuation

For a period of five years, using any one of annual investment returns of negative 15%, client exits of 25% or a 65% discount rate would be required to give a value in use equal to the carrying amount of the CGU.

b. Systems Development & Computer Software – at cost

	Computer Software $'000	Assets in the course of Development $'000	Total $'000
Reconciliation 2023			
Carrying amount at the beginning of the period	**6,817**	**—**	**6,817**
Additions	**—**	**—**	**—**
Amortisation	**(1,698)**	**—**	**(1,698)**
Carrying amount at the end of the period	**5,119**	**—**	**5,119**
Reconciliation 2022			
Carrying amount at the beginning of the period	8,910	226	9,136
Additions	2	—	2
Amortisation	(2,320)	—	(2,320)
Transfer deployed assets to Additions	226	(226)	—
Carrying amount at the end of the period	6,818	—	6,818

	2023 $'000	2022 $'000
Total intangible assets and goodwill	**8,876**	10,575

20. TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
a. Trade and other payables		
Trade and Other Payables	**37,757**	32,011
Amounts payable to reinsurers	**9,669**	16,622
Deferred revenue – contracts with customers under AASB	**62**	108
	47,488	48,741
b. Maturity		
Expected to be realised within 12 months	**47,488**	48,741
	47,488	48,741

c. Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

21. PREMIUM LIABILITIES

	2023 $'000	2022 $'000
a. Unearned premium	**188,974**	171,138
	188,974	171,138
b. Carrying amount at the beginning of the period	**171,138**	155,315
Deferral of premiums on contracts in the period	**304,852**	279,490
Earning of premiums written in the period	**(287,016)**	(263,667)
Carrying amount at the end of the period	**188,974**	171,138

c. Maturity

Premium liabilities are expected to be earned within 12 months of the financial year end.

d. Liability adequacy test

	2023 $'000	2022 $'000
Expected present value of future cash flows for future claims including risk margin		
Undiscounted net central estimate	**86,860**	81,835
Discount to present value	**(7,488)**	(5,618)
	79,372	76,217
Risk margin at the 75th percentile of insurance liabilities	**13,629**	12,793
Expected present value of future cash flows for future claims including risk margin	**93,001**	89,010

The probability of adequacy applied in the liability adequacy test differs from the probability of adequacy adopted in determining the outstanding claims provision. The reason for the difference is that the former is a benchmark used only to test the sufficiency of net premium liabilities whereas the latter is a measure of the adequacy of the outstanding claims provision actually carried by the Group.

AASB 1023 requires the inclusion of a risk margin in insurance liabilities, but does not prescribe a minimum level of margin. Whilst there is established practice in the setting of the probability of adequacy for the claims provision, no such guidance exists in respect of the level of probability of adequacy to be used in determining the adequacy of premium liabilities. The Group has adopted a risk margin for the purposes of the liability adequacy test to produce a 75% probability of adequacy in respect of total insurance liabilities. The 75% basis is a recognised industry benchmark in Australia, being the minimum probability of adequacy required for Australian licensed insurers by APRA.

The application of the liability adequacy test in respect of the net premium liabilities identified a surplus at 30 June 2023 and 2022.

22. INTEREST BEARING BORROWINGS

	2023 $'000	2022 $'000
a. Loan – floating rate		
Loan payable to ultimate parent entity – floating rate	**16,840**	16,840
Loan payable to ultimate parent entity – interest on loan	**412**	412
Bank Loans	**3,390**	–
	20,642	**17,252**

The $16,840 million floating rate loan with the Pharmacy Guild of Australia qualifies as Tier 2 capital for APRA reporting purposes.

	2023 $'000	2022 $'000
b. Maturity		
Expected to be realised within 12 months	**–**	–
Expected to be realised after 12 months	**20,642**	17,252
	20,642	17,252

Fair values

The carrying amount of the Group's borrowings disclosed in order of liquidity approximate their fair value.

Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

23. LEASE LIABILITIES

	2023	2022
	$'000	$'000
Balance at 1 July	**15,723**	15,657
Additions	**9,472**	8,201
Less disposals	**(1,289)**	(1,099)
Interest charged	**589**	483
Repayment of lease liabilities	**(3,029)**	(7,519)
Balance at 30 June	**21,466**	15,723
Maturity		
Expected to be released within 12 months	**3,277**	6,393
Expected to be released after 12 months	**18,189**	9,330
	21,466	15,723

The Group has used one single Incremental Borrowing Rate (IBR) of 3.71% for a portfolio of leases having similar risk characteristics. New leases executed in the financial year for Melbourne & Sydney offices are being discounted at an IBR of 7.61% and 8.26% respectively.

The Group has determined the IBR to be the interest rate provided by the Ultimate parent entity plus the six month BBSY interest rate, which is sourced from the Reserve Bank of Australia twice yearly.

24. PROVISIONS

	Employee Entitlements
	$'000
At 1 July 2022	**25,793**
Transfers	**3**
Arising during the year	**15,382**
Utilised	**(15,774)**
Unused amounts Reversed	**263**
As at 30 June 2023	**25,667**
Current 2023	**18,837**
Non-current 2023	**6,830**
	25,667
Current 2022	19,701
Non-current 2022	6,092
	25,793

Employee Entitlements

a. Annual Leave

Liability for annual leave is recognised at the nominal amounts unpaid at the reporting date using remuneration rates that are expected to be paid when the liability is settled, including on costs.

b. Long Service Leave

A liability for long service leave is recognised as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The estimated future cash outflows are discounted using corporate bond yields which have terms to maturity that match, as close as possible, the estimated future cash outflows. Factors which affect the estimated future cash outflows such as expected future salary increases, experience of employee departures and period of service, are incorporated in the measurement.

c. Short Term Incentive (STI)

The short term incentive plan continued in operation during the current reporting year. Eligible employees have the capacity to earn a proportion of their base pay as a cash incentive annually. The incentive opportunity is set depending on an employee's role and responsibilities. The majority of employees are on a 8%, 10%, 15% or 20% plan. The incentive payments are determined based on an assessment of individual performance and achievement of a range of business unit and individual goals.

d. Long Term Incentive (LTI)

LTI rewards behaviour and results that add value to the Group's business.

The LTI is based on company, business unit and individual performance metrics. The rules for the payment of the incentive schemes must, and have been developed to meet the APRA prudential requirements in respect to remuneration arrangements. Participation in the Group LTI scheme commencing 1 July 2010 is only available to the following eligible employees: Executive Team and Extended Leadership Team (ELT)/ Technical Talent. Incentive achievement targets for the Group or business units will be set annually by the Chief Executive Officer and the Board. The LTI bonus earned will be paid at the end of year 3 on a rolling year (1 July – 30 June) basis.

25. CLAIMS LIABILITIES

	2023	2022
	$'000	$'000
a. Expected future claims payments (undiscounted – central estimate)	**281,062**	298,063
Discount to present value	**(31,858)**	(28,376)
	249,204	269,687
Claims handling costs	**22,239**	16,383
	271,443	286,070
Risk margin	**35,564**	41,747
Liability for outstanding claims	**307,007**	327,817
Expected to be realised within 12 months	**117,853**	146,182
Expected to be realised after 12 months	**189,154**	181,635
	307,007	327,817

b. Process for determining risk margin

The overall risk margin was determined by the Appointed Actuary based on the uncertainty of the outstanding claims estimates for each class and allowing for diversification between different business classes. The uncertainty for each class was established using benchmarking, supplemented by analysis of the history of Guild Insurance.

The risk margin applied to the COVID-19 Business Interruption provision is based on a range of possible outcomes which potentially may arise out of the upcoming court cases.

The overall assumptions regarding uncertainty for each class were applied to the net central estimates, and the results were aggregated, allowing for diversification in order to arrive at an overall provision which is intended to have a 85% (2022 - 85%) probability of sufficiency (POS). The overall risk margin for the underlying business (excluding COVID-19 business interruption claims) applied was 13.1% (2022 - 14.6%).

c. Actuarial assumptions and methods

The following ranges of key actuarial assumptions were used in the measurement of outstanding claims and recoveries, where appropriate, at the reporting date.

	2023	2022
Inflation rate	**3.58 %**	3.64 %
Superimposed inflation rate (weighted average)	**3.91 %**	3.99 %
Discount rate (weighted average)	**4.13 %**	3.39 %
Claims handling expense rate	**8.92 %**	6.10 %
Weighted average term to settlement (number of years)	**2.7**	2.7

Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Inflation rate

Economic inflation assumptions are set by reference to current economic indicator.

Superimposed inflation rate

Superimposed inflation occurs due to non-economic effects such as court settlements increasing at a faster rate than the economic inflation rate utilised. An allowance for superimposed inflation was made for each underlying model, where appropriate, based on expected cost pressures to re-emerge.

Discount rate

The discount rate is derived from market yields on government securities.

Claims handling expense rate

A rate for claims handling expenses was calculated by reference to past experience of estimated claims handling costs as a percentage of past payments.

Weighted average term to settlement

The average weighted term to settlement is calculated as the time weighted average of projected aggregate cash flows for all classes of business (gross of reinsurance and other recoveries and discounted to the balance date).

Sensitivity analysis

The impact on the profit or loss to changes in key actuarial assumptions is summarised below. Each change has been calculated in isolation of the other changes and is gross and net of reinsurance recoveries.

d. Reconciliation of movement in discounted outstanding claims liability

	2023			2022		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Brought forward	**327,817**	**99,195**	**228,622**	287,378	33,702	253,676
Movement in the prior year central estimate	**(51,283)**	**(30,420)**	**(20,863)**	(38,788)	3,978	(42,766)
Current year claims incurred	**116,170**	**35,281**	**80,889**	152,199	75,196	77,003
Claims paid/recoveries received	**(92,456)**	**(37,543)**	**(54,913)**	(60,111)	(11,009)	(49,102)
Movement in discounting	**(1,929)**	**(307)**	**(1,622)**	(12,861)	(2,970)	(9,891)
Movement in risk margin	**—**	**(32)**	**32**	—	298	(298)
Movement in claims handling expense	**8,688**	**1,807**	**6,881**	—	—	—
Carried forward	**307,007**	**67,981**	**239,026**	327,817	99,195	228,622

e. Claims development table

The following table shows the development of net undiscounted outstanding claims relative to the ultimate expected claims for the ten most recent accident years.

Net	2014 (and prior) $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	Total $'000
Estimate of Ultimate claims cost											
At end of accident year	852,470	103,690	86,124	91,464	86,054	86,952	99,241	93,700	88,638	**96,751**	852,470
One year later	837,841	97,177	82,011	84,207	80,950	87,690	109,618	96,906	83,531	**–**	941,531
Two years later	824,194	93,489	79,488	82,383	78,339	88,671	95,285	94,874	–	**–**	1,007,495
Three years later	815,585	92,810	81,717	83,002	76,965	90,762	96,136	–	–	**–**	1,082,548
Four years later	812,916	92,903	78,892	82,243	75,872	89,850	–	–	–	**–**	1,155,476
Five years later	807,007	93,369	75,741	81,330	75,986	–	–	–	–	**–**	1,231,912
Six years later	802,882	91,994	75,835	81,011	–	–	–	–	–	**–**	1,323,416
Seven years later	797,494	92,131	76,542	–	–	–	–	–	–	**–**	1,416,426
Eight years later	798,304	92,361	–	–	–	–	–	–	–	**–**	1,495,063
Nine years later	796,683	–	–	–	–	–	–	–	–	**–**	1,583,724
Current estimate of cumulative claims cost	796,683	92,361	76,542	81,011	75,986	89,850	96,136	94,874	83,531	**96,751**	1,583,725
Cumulative payments	787,011	90,334	72,001	74,830	68,250	75,319	72,589	59,463	44,600	**23,417**	1,367,814
Outstanding claims - undiscounted	9,672	2,027	4,541	6,181	7,736	14,531	23,547	35,411	38,931	**73,334**	215,911
Discount	(1,133)	(255)	(538)	(647)	(877)	(1,872)	(2,900)	(4,379)	(4,740)	**(7,786)**	(25,129)
Outstanding claims	8,539	1,772	4,003	5,534	6,859	12,659	20,647	31,032	34,191	**65,548**	190,782
Claims handling expenses											22,239
Risk margin											26,005
Total net outstanding claims per the Statement of Financial Position											**239,026**
Reinsurance and other recoveries on outstanding claims liability											67,981
Total gross outstanding claims per the Statement of Financial Position											**307,007**

26. CONTRIBUTED EQUITY

a. Authorised shares

Consolidated and Parent entity	Number of shares	$'000
2023		
(i) Ordinary shares		
Total ordinary shares issued and fully paid as at 30 June 2023	**19,440,044**	**21,420**
2022		
(i) Ordinary shares		
Total ordinary shares issued and fully paid as at 30 June 2022	19,440,044	21,420

b. Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared.

c. Capital management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group. Management adjust the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. During 2022/2023, dividends of $8,000,000 were paid by Guild Group Holdings Limited (2021/2022: $nil).

	Notes	2023 $'000	2022 $'000
d. Retained earnings			
Balance at 1 July		**115,272**	95,289
Net profit/(loss) attributable to members of Guild Group Holdings Limited		**10,469**	19,983
Deconsolidation adjustment following sale of Guildlink Pty Limited		**8,187**	—
Total available for appropriation		**133,928**	115,272
Dividends paid or provided		**(8,000)**	—
Balance at 30 June		**125,928**	115,272
e. Merger reserve (pooling of interest)			
Merger reserve	32a.	**1,581**	1,581

27. NON-CONTROLLING INTEREST

	2023	2022
	$'000	$'000
a. Interest in:		
A' class ordinary shares	**689**	719
Dividend paid	**(384)**	(300)
Retained earnings	**2,291**	1,810
Balance at 30 June	**2,596**	2,229

b. Guild Group Holdings Limited owns 50.05% of the total equity in Meridian Lawyers Limited and also holds an additional 4% of shares on behalf of the Meridian Employee Share Scheme which remain unallocated at the reporting date. The remaining 45.95% of equity is held by the Meridian Employee Share Scheme (20.95%) and Steadfast Group Limited (ASX: SGL) (25.00%).

28. RELATED PARTIES

(Amounts are in whole dollars)	2023 $	2022 $
Transactions of Directors		
Guild Insurance Limited had loans to directors during the period, Mr J Dowling (Director of the parent entity) on normal terms and conditions no more favourable than those available on similar transactions to other customers:		
Repayments received during the year in relation to the loans	**252,747**	8,750
Aggregate amount of loans outstanding at year end	**—**	250,000
Interest revenue from directors	**2,747**	8,750
Transactions of Parent		
Loan advanced to:		
Ultimate Parent Entity	**5,000,000**	5,000,000
Ultimate Parent Entity	**207,085**	23,088
Interest paid/payable to The Pharmacy Guild of Australia	**1,241,600**	713,752
Guild Insurance Limited has paid commission on policies written to The Pharmacy Guild of Australia. The rates are based on normal commercial terms and conditions.	**3,881,668**	3,607,167
Sponsorship Fees paid by the parent and subsidiary entities to The Pharmacy Guild of Australia	**215,375**	164,920
Insurance Premiums received/receivable by subsidiary entities from The Pharmacy Guild of Australia.	**84,533**	77,876
Legal fees received/receivable by subsidiary entities from The Pharmacy Guild of Australia.	**338,571**	332,978
Amounts owed by The Pharmacy Guild of Australia	**590,421**	551,924
Guild Insurance Limited sold insurance policies to directors or their director-related entities, and to the directors of The Pharmacy Guild of Australia or their director-related entities during the year within a normal employee or customer relationship on terms and conditions no more favourable than those available on similar transactions to other employees or customers.		
Transactions of Other Related Parties:		
Investment in Medadvisor Limited (ASX: MDR)	**12,576,172**	—
Legal fees received/paid from other related parties	**632,442**	1,058,591
Insurance premiums received/paid from other related parties	**84,533**	1,641
Commission income from Guild Early Learning Pty Ltd to Guild Insurance Limited	**5,990,238**	5,269,910
Commission expense to Guild Early Learning Pty Ltd by Guild Insurance Limited	**(7,356,013)**	(6,471,449)
Commissions paid/payable to Steadfast owned brokers	**353,598**	260,695
Loan Receivable - Joint Venture Partner	**157,024**	469,507

Parent entity:

The parent entity (and ultimate parent entity) is The Pharmacy Guild of Australia.

29. SIGNIFICANT EVENTS AFTER BALANCE DATE

A dividend of $3,300,000 was declared by the Directors at the Board meeting held on 29 August 2023 payable in September 2023.

30. REMUNERATION OF AUDITORS

(Amounts are in whole dollars)	2023 $	2022 $
Amounts received, or due and receivable, by Ernst & Young:		
Audit of the financial report of the consolidated group	**468,131**	470,723
Assurance services in relation Taxation & Regulatory Compliance	**214,438**	210,287
	682,569	681,010

31. KEY MANAGEMENT PERSONNEL

Directors' remuneration

The following Directors held office during the year:

Mr A. Bloore, Mr J. Dowling, Ms C. Dube, Mr M. Kay, Mr C. Owen, and Mr A. Tassone.

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the consolidated entity, directly or indirectly, from the entity or any related party:

(Amounts are in whole dollars)	2023 $	2022 $
Short term benefits	**640,399**	807,016
Post-employment benefits	**65,109**	78,186
Total compensation	**705,508**	885,202

Other Key Management Personnel

Remuneration received or due and receivable by executive officers (including directors) of the consolidated group whose remuneration is $100,000 or more, from the entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated group, whether as an executive officer or otherwise is:

(Amounts are in whole dollars)	2023 $	2022 $
Short term benefits	**6,781,634**	6,114,580
Post-employment benefits	**335,015**	334,152
Other long term benefits	**2,466,781**	838,031
Termination benefits*	**1,421,165**	217,834
Total compensation	**11,004,595**	7,504,597

* Termination benefits relate to key management personnel who have ceased employment.

The remuneration of all Leadership Team members includes a base remuneration component, a short-term incentive payment and a pro-rata long-term incentive payment.

The remuneration detailed above only includes amounts that were either paid or payable at 30 June 2023.

If certain performance conditions are met and employment continues an additional amount may be payable in accordance with the long-term incentive scheme at a future date.

Subsidiaries of Guild Group Holdings Limited sold insurance policies and financial products to key management personnel or their related entities during the year within a normal employee or customer relationship on terms and conditions no more favourable than those available on similar transactions to other employees in line with the company's policy on staff discounts.

32. INVESTMENT IN SUBSIDIARY ENTITIES

Name of entity	Book Value of Parent Entity's Investment		Equity Holding		Class of shares
	2023	2022	**2023**	2022	
	$'000	$'000	**%**	%	
Parent Entity					
Guild Group Holdings Limited					
Controlled Entities					
Guild Insurance Limited	**34,228**	34,228	**100**	100	Ordinary
Guild Superannuation Services Limited	**5,862**	5,862	**100**	100	Ordinary
Guild Finance Facility Limited	**750**	750	**100**	100	Ordinary
Meridian Lawyers Limited	**751**	751	**50**	50	Ordinary
Guild Commercial Finance Pty Limited	**350**	350	**100**	100	Ordinary
GuildLink Pty Ltd	**—**	9,544	**100**	100	Ordinary
Guild Solutions Inc	**242**	242	**100**	100	Ordinary
Entity Investments at 30 June	**42,183**	51,727			

All controlled entities are incorporated in Australia.

Guild Group Holdings Limited owns 50.05% (2022: 50.05%) of the total equity in Meridian Lawyers Limited and also holds an additional 4% (2022: 2%) of shares on behalf of the Meridian Employee Share Scheme which remain unallocated at the reporting date. The remaining 45.95% (2022: 47.95%) of equity is held by the Meridian Employee Share Scheme (20.95%) (2022: 22.95%) and Steadfast Group Limited (ASX:SGL) (25%) (2022: 25%).

33. CONTINGENCIES

The entity has $5,092,211 (2022: $2,863,606) in contingent liabilities relating to bank guarantees as at 30 June 2023.

34. PARENT ENTITY FINANCIAL STATEMENTS

	2023	2022
Statement of financial position	**$'000**	$'000
Assets		
Cash and cash equivalents	**602**	2,301
Trade and other receivables	**592**	552
Related Party Receivables	**5,207**	8,623
Income tax receivable	**1,474**	436
Prepayments and inventories	**946**	919
Property, plant and equipment	**1,291**	437
Deferred tax assets	**1,162**	1,631
Financial assets	**55,440**	52,418
Intangible assets	**99**	197
Right of Use Assets	**33**	78
Total Assets	**66,846**	67,592
Liabilities		
Trade and other payables	**9,546**	13,478
Income tax payable	**—**	—
Interest-bearing loans and borrowings	**30,740**	16,840
Provisions	**6,346**	7,427
Deferred tax liabilities	**2,095**	—
Total Liabilities	**48,727**	37,745
Net Assets	**18,119**	29,847
Equity		
Contributed equity	**21,420**	21,420
Retained earnings	**(3,301)**	8,427
Total Equity	**18,119**	29,847

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Notes to the Financial Statements cont.

Year ended 30 June 2023

	Parent	
	2023	2022
Statement of Financial Performance	**$'000**	$'000
Other revenue	**33,340**	25,279
Administration expenses	**(9,098)**	(6,560)
Marketing expenses	**(2,308)**	(1,533)
Occupancy expenses	**(291)**	(57)
Salary related expenses	**(21,358)**	(18,319)
Finance costs	**(1,779)**	(714)
Unrealised gain on investment	**(1,853)**	—
Profit on sale of subsidiary entity	**288**	(17)
(Loss) before income tax	**(3,059)**	(1,921)
Income tax credit	**(670)**	653
Net profit/(loss) for the year	**(3,729)**	(1,268)
Profit/(loss) for the year is attributable to:		
Owners of the parent	**(3,729)**	(1,268)
Other comprehensive income for the year is attributable to:		
Owners of the parent	**(3,729)**	(1,268)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

35. DISCONTINUED OPERATIONS

At 30 June 2022, Guildlink Pty Limited was classified as a disposal group held for sale and as a discontinued operation. The sale was completed subsequent to balance date and on 27 July 2022.

The major classes of assets and liabilities of Guildlink Pty Limited classified as held for sale as at 30 June are as follows:

	2023	2022
Statement of financial position	**$'000**	$'000
Assets		
Cash and cash equivalents	–	3,854
Trade and other receivables	–	560
Accrued Income	–	182
Prepayments	–	229
Property, plant & equipment	–	68
Right-of-use Assets	–	–
Intangibles	–	180
Deferred Tax Assets	–	298
Assets Held for Sale	–	5,371
Liabilities		
Trade and other payables	–	1,171
Provisions - Current	–	760
Provisions - Non Current	–	228
Lease liabilities - Current	–	–
Lease liabilities - Non Current	–	–
Deferred Income - Current	–	1,816
Deferred Income - Non Current	–	–
Borrowings	–	39
Liabilities directly associated with assets held for sale	–	4,014
Net assets directly associated with disposal group	–	1,357

Notes to the Financial Statements cont.

Year ended 30 June 2023

The results of Guildlink Pty Limited for the year are presented below:

Statement of Financial Performance	2023	2022
	$'000	$'000
Revenue		
Revenue from contracts with customers	–	7,476
Other revenue	–	45
Expenses		
Cost of Sales	–	(1,099)
Employee benefit expense	–	(5,664)
Depreciation and amortisation expense	–	(99)
Advertising and marketing expense	–	(247)
Consultancy and contractor fees	–	(1,336)
Legal and professional fees	–	(150)
Other expenses	–	(1,485)
Finance costs	–	(35)
Loss before income tax	–	(2,594)
Income tax credit/(expense)	–	700
Profit/(loss) for the year from discontinued operations	–	(1,894)

The net cash flows incurred by Guildlink Pty Limited are, as follows:

Statement of Cash flow	2023	2022
	$'000	$'000
Net cash flows used in operating activities	–	30
Net cash flows used in investing activities	–	166
Net cash flows used in financing activities	–	(72)
Net increase/(decrease) in cash and cash equivalents	–	125