

Annual Report 2021







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Foresters Financial has
been providing peace
of mind for lifetimes.

About Foresters Financial

Foresters Financial is an Australian member-owned investment and insurance financial services organisation with over 170 years of putting our members financial security first.

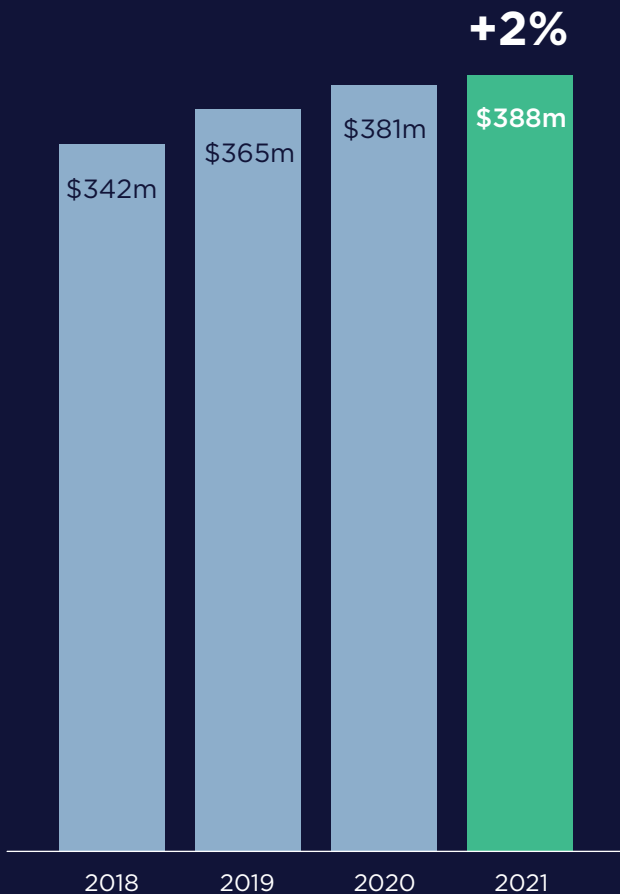
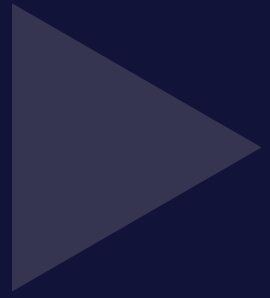
The Ancient Order of Foresters was established in Victoria in 1849 in response to the absence of any financial and social support in times of hardship. By pooling funds, any members of the Foresters' community who experienced unemployment, sickness, death or disability could rely on financial assistance and support for them and their families. Now called Foresters Financial, we continue the same proud tradition today.

With approximately \$390 million in total funds under management and over 80,000 members around Australia, Foresters Financial offers competitive investment returns under our Responsible Investment Policy to meet your various needs and objectives.

Foresters invests responsibly to support a promising future for Australian communities.



Key Highlights



Funds Under Management



Funeral Funds Under Management



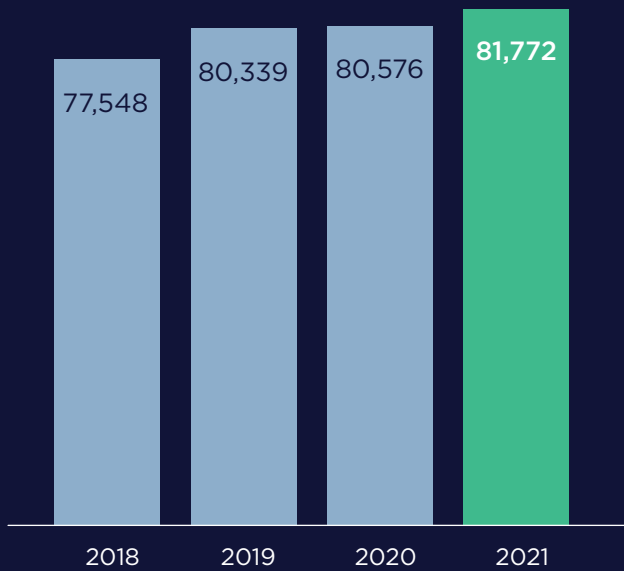
5,511

claims processed worth

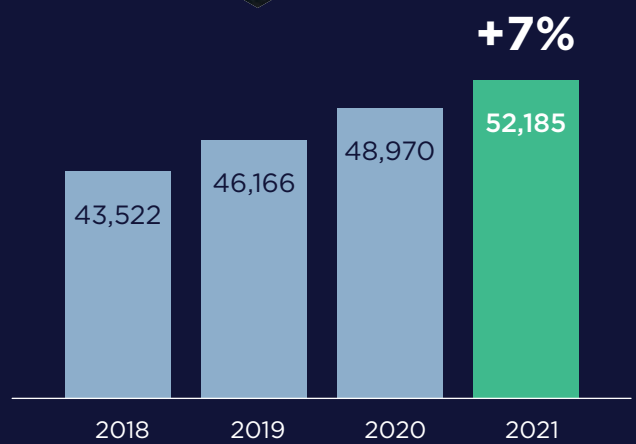
\$31.8m

to benefit members





Members



Funeral Funds Members



Our Products

Prepaid Funeral Plan

Our Prepaid Funeral Plan gives you peace of mind and protects your family by pre-paying your funeral costs.

A Prepaid Funeral Plan provides the security of a contract between you and your funeral director that specifies the details of your funeral service, at a fixed cost. By locking in at today's prices, you know how much you need to pay now without further costs in the future.

Funeral Bond

Our Funeral Bond is a tax paid investment, specifically designed to help you pay for future funeral expenses and easing the financial burden on your loved ones.

You may also be able to maximise your pension as a Funeral Bond up to \$13,500 (as at 1 July 2021) does not count in your assets test for payments from Services Australia (i.e. Age Pension, Carer Payment or Disability Support Pension).

Away From Home Cover

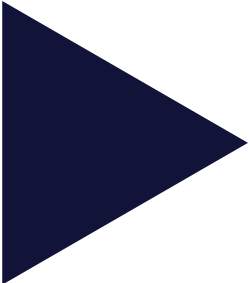
Away From Home Cover is an option that can be taken out with either a Funeral Bond or Prepaid Funeral Plan. It is a simple, single premium cover that assists with the deceased's transportation costs associated with being over 100km away from their permanent residence, within Australia.

Wealth Plus Investment Bond

Wealth Plus allows you to access the key features of an investment bond PLUS other benefits, such as responsible investment and enriching communities through impact investments and our community grants.

An investment bond is a flexible savings product that grows your money over time to help you achieve your long-term financial goals. The bond can be used for a variety of needs, including: as a top-up for superannuation; estate planning; intergenerational wealth transfer; tax effective savings; investing on behalf of children or grandchildren; and, generating an income stream.

To find out more about our products, please visit our website forestersfinancial.com.au.



We believe strong financial performance should not be at the cost of our communities and environment.

Our Business Partners

Unexpected Events Cover

Unexpected Events Cover offers businesses and unions or associations a convenient and low-cost personal insurance for their employees and members. It is a specially designed personal insurance that combines the most important elements of life, illness, and accident insurance so you can look after your employees or members.

Death And Distress Benefit Fund

Developed for, and open to, employees of the Ambulance Service Victoria and aligned industries, Foresters offers a Death and Distress Benefit Plan to provide a level of protection and security to members and their families in their time of need.

The Police Association (Victoria) Benefit Fund

A benefit fund for members of the Police Association (Victoria), the fund offers members of the Association sickness, retirement and death benefits in their time of need.

State Trustees Limited Funeral Benefit Fund

Administered by Foresters, with marketing and fund management by State Trustees Limited, this funeral fund is capital guaranteed. Funds invested are payable toward future funeral expenses which may help maximise pension entitlements.



**The Police
Association
Victoria**



Chair's Report



As the incoming Chair of the Foresters Financial Board, it is with great pleasure that I present this year's annual report.

I don't think any of us could have envisaged

the last two years with the devastating bushfires of early 2020 only to move on to the COVID-19 global pandemic and the ongoing lockdowns, the impacts of which we are yet to fully understand.

Despite the difficulties of the past year, our performance was above expectations with sales bouncing back in some areas. This is a great result given the round robin of lockdowns in Victoria and the pivot to remote working. I commend our CEO, leadership team and staff for stepping up and excelling under extraordinary circumstances.

With our notable 172-year history, Foresters Financial continues to move from strength to strength, moving forward with new products and an invigorated approach to delivering benefits to our members and community. Leveraging previous years' hard work, we consolidated our position and look forward to further investment in our business' infrastructure to add even greater value and depth and provide the same great products and services to a new generation of members.

We take pride in honouring our past and protecting the legacy of Foresters Financial with a keen eye on the future. Our commitment to responsible investing and sustainability continues to underpin our business and investment management decisions, including our recent launch of our market-linked (non-capital guaranteed) investment options and expanding our funeral and investment bonds to include specific sustainable and ethical options respectively.

The extremely low interest rate environment makes it difficult to cast a positive light on capital guaranteed products, so our new market-linked (non-capital guaranteed) investment options also include Growth and High Growth options, which are proving popular. With our new investment manager, JBWere leading the charge, we look forward to broadening our offer to take advantage of the buoyant equity market.

With the Board renewal process complete, I'd like to thank the outgoing Chairman, Theo Fleming, for his outstanding commitment and service to Foresters Financial. Spanning 27 years, Theo has overseen the business grow our funds under management from \$20m to over \$380m with an outstanding reputation for serving our members and funeral director network. We will continue to leverage our strong past to further grow for future generations.

As well as welcoming Andrew Baxter and Michael Liu to the Board last year, we are also delighted to have Andrew Smith join the Board following last year's Annual General Meeting. He brings considerable funeral industry experience along with his executive expertise and keen understanding of regulatory oversight to the Board; rounding out the Board's capability set.

It has been a true delight working with the team at Foresters Financial this past year, so it is with a heavy heart, we bid our CEO, Craig Bell, a warm farewell. Craig's contribution to the Foresters Financial journey cannot be underestimated; he has built the platform from which we go forward. We wish him the best of luck in his next exciting venture.

Finally, I would like to acknowledge again the outstanding effort put in by the Foresters Financial team. They came together under tough circumstances this year. Their unwavering commitment to the business, to clients and members further underpinned Foresters' long history of serving the community.

Thank you.



Caroline Banhidy

Chair

Foresters Financial Limited



“Leveraging previous years’ hard work, we consolidated our position and look forward to further investment in our business’ infrastructure to add even greater value and depth and provide the same great products and services to a new generation of members.”

“We have recognised the need to be responsible investors and I’m proud that we have implemented a new Responsible Investment Policy.”



Chief Executive Officer's Report



I'm delighted to present our Annual Report for 2020-21. Despite a pandemic, Foresters Financial has implemented a number of important initiatives for the benefit of our members.

In a busy year, several key projects have been delivered to further enhance Foresters Financial's capability and offering to members. Our new website was launched in June, showcasing our products across different life stages.

Acknowledging the limited returns available to our members in capital guaranteed investment options in this current record low interest rate environment, we launched a range of non-capital guaranteed investment options.

With our new Wealth Plus investment bond, we have introduced four non-capital guaranteed investment options. Our Balanced, Growth, High Growth and Ethical options offer a mix of investment options to meet a variety of members preferences and needs.

We also launched non-capital guaranteed investment options available to both our funeral directors, for assigned funeral policies, and to our members, for their funeral bonds, in July 2021. One of these new investments options, our Sustainable option, is what we believe to be a first for the funeral bond industry and is already having great traction with members and funeral directors alike.

We have recognised the need to be responsible investors and I'm proud that we have implemented a new Responsible Investment Policy. By investing to support environmental, social and governance (ESG) issues, we are contributing to building a better future for Australia and our communities. We believe strong financial performance is consistent with achieving measurable and lasting positive change.

The Foresters Financial Community Grants account was also established as a means to give back to our communities. We will be donating a portion of our management fee to this account to be granted to Australian based charities.

Whilst our capital guaranteed products still experience the effects of a record low interest rate market, prudent management of our funds ensured that we were able to take advantage of the market recovery through our investments in equities and bonds in our Funeral Benefit Fund.

Despite the ongoing impacts of the COVID-19 pandemic, we did see a recovery in fund inflows in the latter half of the year with some record monthly highs. Profit before tax and distribution was \$2.18m with funds under management increasing to \$388m. Our strong capital position means we remain well placed for any future market volatility, protecting our members' investments in our capital guaranteed products.

The year has seen us in and out of lockdowns and I commend our staff for their resilience in supporting our members and clients under these ever-changing conditions. At all times, the safety and wellbeing of our staff has remained our priority.

As a lifetime investing business, Foresters Financials' core purpose remains the financial wellbeing of our members across their lifetimes.

On behalf of the team, I would like to thank Theo Fleming and Richard Bouchier who retired during the year from the Board and thank them for their commitment to Foresters Financial over their many years as Directors. We also welcomed Michael Liu, Andrew Baxter and Andrew Smith to the Board to complete the Board renewal.

This will be my last report as CEO as I move on to a new opportunity. Over my tenure, Foresters Financial has transformed into a modern lifetime investing business with a commercial head and a community heart; a transformation that I am proud of. The whole team have been instrumental in this transformation and I would like to thank our staff for their professionalism and commitment and wish everyone all the best for the future.



Craig Bell
Chief Executive Officer
Foresters Financial Limited

Our Board

As at the date of this report



Caroline Banhidy

BEC(Hons), MBA GAIST, MAICD

Chair since November 2020

Board member since August 2019

Member of: *Risk Committee; Audit and Compliance Committee; Investment Committee; Nominations and Remuneration Committee*

Caroline has over 30 years' experience in financial services with a focus on investment management and governance. She brings her experience as a consultant in strategy, performance improvement and stewardship to the Board.

Other Directorships: Bangay Capital, Tax & Super Australia, Oxil Pty Ltd



Michael Liu

BCom, LLB(Hons)

Deputy Chair since November 2020

Board member since July 2020

Member of: *Risk Committee; Audit and Compliance Committee; Investment Committee (Chair)*

Michael brings 25 years of extensive financial services experience to the Board. He commenced his career as a lawyer at Allens Arthur Robinson and went on to hold senior executive positions at a global fintech headquartered in London, UBS Investment Bank and Macquarie Bank.

Other Directorships: BankVic, WCM Global Growth Limited



Andrew Baxter

BBus(Mktg), FAMI CPM, FAICD

Board member since July 2020

Member of: *Risk Committee; Nominations and Remuneration Committee (Chair)*

Andrew brings extensive experience in high-profile Chair and Board roles and has also successfully led two of the country's largest communications agencies, Publicis and Ogilvy, for over a decade. Andrew regularly contributes to The Australian on the future of marketing and has been the recipient of the Australian Marketing Institute's Sir Charles McGrath Award for his significant contribution to the field of marketing.

Other Directorships: Australian Pork (Chair), GrowthOps, Commtract, Nettlefold, Sydney Symphony Orchestra, OzHarvest, Bird Dog



David Heath

BEC(Hons), FCPA, FIAA, F Fin, GAICD

Board member since August 2019

Member of: *Audit and Compliance Committee (Chair); Nominations and Remuneration Committee*

David has over 25 years' experience across all areas of actuarial practice, specialising in general insurance and accident compensation. He is currently a consulting actuary with Cumpston Sarjeant and is heavily involved in the education of the next generation of actuaries as a lecturer and Honorary Senior Fellow at the University of Melbourne.

Other Directorships: Transport Accident Commission



Andrew Smith

BCom, CA, MBA, FAICD

Board member since November 2020

Member of: *Risk Committee (Chair); Investment Committee*

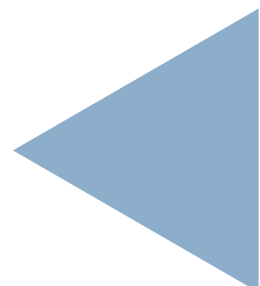
Andrew has over 25 years' experience in financial and professional services with a track record of growing consumer-focused businesses in Australia and the Asia Pacific regions. He is currently the Chief Operating Officer – Out of Hospitals for Ramsay Health Care. Andrew also has over 20 years board member experience and is an active member of the Young President's Organisation (YPO), including Chapter Chair of YPO Sydney Australis Chapter.

Other Directorships: Ramsay Connect Pty Ltd, YPO Sydney Australis Chapter Incorporated

Retired Directors

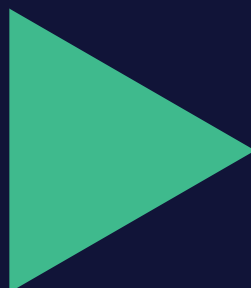
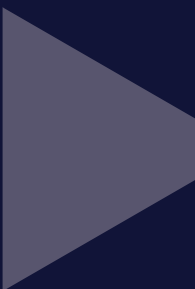
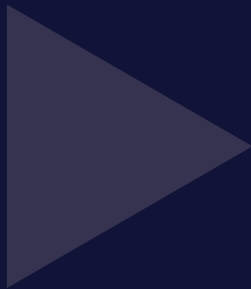
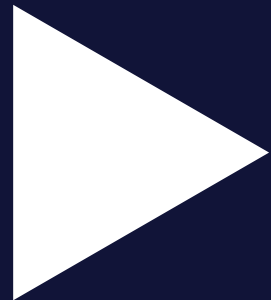
Richard Bouchier *(retired 3 July 2020)*

Theodore Fleming *(retired 26 November 2020)*





Annual Financial Report for year ended 30 June 2021



Foresters Financial Limited ABN 27 087 648 842

Australian Financial Services Licence No. 241421



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Directors' Report

The Directors present their report together with the financial statements of Foresters Financial for the financial year ended 30 June 2021.

Corporate Information

The following persons were members of the Board during the whole of the financial year and up to the date of this report unless otherwise stated;

Caroline Banhidy

Chair since November 2020
Board member since August 2019

David Heath

Board member since August 2019

Michael Liu

Board member since July 2020

Andrew Baxter

Board member since July 2020

Andrew Smith

Board member since November 2020

Theodore Fleming

Retired 26 November 2020

Richard Bouchier

Retired 3 July 2020

Chief Executive Officer & Company Secretary

Caroline Banhidy
BEC(Hons), MBA GAIST, MAICD
(Interim CEO appointed 10 September 2021)

Lyndon Wilson
BBus, CPA
(Company Secretary appointed 10 September 2021)

Craig Bell
BCom, FCPA, GAICD
(resigned 10 September 2021)

Auditors

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Appointed Actuary

Bruce Watson
Brett & Watson Pty Ltd
Ground Floor, 157 Grenfell Street
Adelaide SA 5000

Investment Advisor

JBWere Limited
Level 16, 101 Collins Street
Melbourne VIC 3000

Pitcher Partners
Investment Services Pty Ltd
Level 13, 664 Collins Street
Docklands VIC 3008

Principal Activities

The principal activities of Foresters Financial (Foresters) during the financial year were the provision of benefits against claims made by members with respect to the following products:

- Funeral bonds
- Investment bonds
- Education bonds
- Life insurance products
- Endowment and sickness products

Objectives

The Board of Directors (the Board) has established a clear set of objectives for Foresters including:

- Enhancing our digital presence to promote our brand, history and product offerings
- An acquisition and retention strategy with regard to Funeral Bonds and Away From Home Cover
- Promoting investment bonds and providing customers with more investment options across the entire product range
- Launching new products to attract new customers

The development of new and existing products has Foresters well positioned to achieve its long term growth objectives as well as enhancing the customer experience and giving back to the community.

Active management of the investment portfolio and seeking the best investment advice will deliver financial security and investment returns to members. Investment activities will be governed by Foresters' Responsible Investment Policy.

In addition to the financial security and the well-being of our members, Foresters will focus on having an impact in the communities in which we exist, thus ensuring we remain committed to our founding principles.

Strategy for Achieving Objectives

At the start of each reporting period, the Board and senior management develop and refine the strategic and annual business plans.

The Board ensures that Foresters and its employees have sufficient resources, financial or otherwise, to achieve the company's objectives as stated in the strategic and annual business plans.

The Board and management have established and maintain appropriate frameworks for the implementation, monitoring and reporting of the company's objectives.

Performance Measurement

The Board monitors the implementation of the company's objectives throughout the year by assessing performance against the objectives stated in the strategic and annual business plans.

The objectives provide the basis of the performance measurement framework for all staff and align the operations of the business with the implementation of the business plan.

Director Retirements

Theodore Fleming retired on 26 November 2020.

Richard Bouchier retired on 3 July 2020.

Newly Appointed Directors

Andrew Smith was appointed as a Director on 26 November 2020 and continues in office at the date of this report.

As acknowledged in the Directors Report for the year ending 30 June 2020, Andrew Baxter and Michael Liu were appointed in July 2020 and continue in office at the date of this report.

Meetings of Directors

The number of meetings held and attended of the Board of Directors and committees by each Director during the year ended 30 June 2021 can be seen in the table on the next page.

Director	Number of meetings of Directors held*	Number of meetings of Directors attended	Number of relevant committee meetings held*	Number of relevant committee meetings attended
Caroline Banhidý	12	12	12	12
Michael Liu	12	12	10	10
David Heath	12	12	9	9
Andrew Baxter	12	12	7	7
Andrew Smith	7	7	5	5
Theodore Fleming	4	4	8	8

*Number of meetings held during the time the Director held office or was a member of the committee during the year.

Review of Operations

	2021 \$	2020 \$
Foresters Financial		
Profit/(loss) after income tax (excluding distributions)	2,051,829	3,478,160
Profit/(loss) after income tax (including distributions)	(602,109)	1,186,805
Total assets	406,507,282	396,819,224
Increase in total assets	9,688,508	20,506,735
Funds under management	388,041,231	381,106,170
Management Fund		
Net assets	15,891,697	15,674,696
Profit/(loss) after income tax	213,187	1,469,723

Significant Changes in the State of Affairs

There were no changes in the state of affairs of the company during the year that are not reported elsewhere in this report.

Events Subsequent to the end of the Financial Year

There are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected or may significantly affect the company's operations, the results of those operations, or state of affairs in future financial years.

Coronavirus Pandemic

The coronavirus pandemic has not had a material impact on Foresters for the year ended 30 June 2021.

Sales of Foresters' largest product line, funeral bonds, were ahead of expectations despite travel restrictions impacting the sales network.

Insurance products have been largely unaffected as claims have not risen as a result of the coronavirus pandemic.

The declared bonuses of some benefit funds, aside from the funeral funds, have been affected by the low interest rate environment.

Environmental Regulations

Foresters is not subject to any specific environmental regulation under Australian Commonwealth or State Law.

Likely Developments

In the opinion of the Directors any comment as to likely developments would prejudice the interests of Foresters and has therefore, not been included in this report.

Bonus Declaration

The Directors have resolved that the following bonus rates be paid:

	2021	2020
Bonus Bond Fund No.1	0.00%	0.00%
Blue Chip Endowment Assurance Fund	0.00%	0.20%
Education and Savings Fund	0.00%	0.00%
Flexible Insurance Fund	0.10%	0.20%
Funeral Benefit Fund Exempt	0.75%	0.40%
Funeral Benefit Fund Taxable	0.40%	0.70%
Funeral Benefit Fund Taxable (Members post 1 February 2011)	0.80%	0.70%
State Trustees Funeral Benefit Fund Exempt	1.25%	0.40%
State Trustees Funeral Benefit Fund Taxable	0.00%	0.00%

Indemnity and Insurance of the Directors and Officers

The company has indemnified the Directors and Officers of Foresters for costs incurred in their capacity as a Director or an Officer for which they may be held personally liable and where they have acted in good faith.

During the reporting period, Foresters paid a premium in respect of a contract to insure the Directors and Officers against a liability 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.

Indemnity and Insurance of the Auditor

The company has not, during the reporting period or otherwise, indemnified or agreed to indemnify the Auditor or any related entity against a liability incurred by the Auditor.

Dividend

No dividends have been paid or declared during the reporting period.

Any surplus derived is treated as an amount due to members and retained.

Limited by Guarantee

Foresters Financial Limited is a company limited by guarantee.

The amount of capital which can be called upon in the event of, and for the purposes of, winding up the company is \$1 per member. Members have no other liability in the event Foresters is wound up.

At 30 June 2021, Foresters had 81,772 members (2020: 80,576) with a total guarantee of \$81,772 (2020: \$80,576).

Auditor's Independence Declaration

The Auditor's Independence Declaration required under Section 307C of the *Corporations Act 2001* is attached at Page 22 and forms part of the Directors' Report.

Auditor

RSM Australia Partners continues in office in accordance with Section 327 of the *Corporations Act 2001*.

Resolution

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

On behalf of the Directors:



Caroline Banhidy
Chair

Melbourne, 27 September 2021



David Heath
Director

Melbourne, 27 September 2021



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Foresters Financial Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A stylized, handwritten signature of 'Rsm' in dark ink.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'K J Dundon' in dark ink.

K J DUNDON
Partner

Dated: 29 September 2021
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue			
Net investment income	4	6,580,118	11,987,180
Insurance premiums received	4	1,652,385	1,551,265
Fees and commissions	4	44,416	44,419
Other		-	(293)
Total revenue		8,276,919	13,582,571
Expenses			
Ordinary expenses	5	6,096,115	9,138,131
Distributions to policyholders		2,653,938	2,291,355
Total expenses		8,750,053	11,429,486
Profit / (loss) before income tax		(473,134)	2,153,085
Income tax expense (benefit)	6	128,975	966,280
Profit / (loss) after income tax		(602,109)	1,186,805
Other comprehensive income		-	-
Total comprehensive income (loss) / for the year		(602,109)	1,186,805

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Cash and cash equivalents	7	74,193,074	50,057,671
Trade and other receivables	8	304,219	400,004
Investments	9	327,153,178	340,770,486
Current tax asset		267,732	448,995
Leased asset	10	966,043	1,229,509
Property, plant and equipment		97,371	112,206
Deferred tax asset	11	3,023,737	3,249,962
Intangibles	12	501,928	550,391
Total assets		406,507,282	396,819,224
Liabilities			
Trade and other payables	13	2,753,318	2,728,954
Deferred tax liabilities	14	-	24,801
Other provisions	15	341,428	1,084,842
Lease liabilities	10	1,025,292	1,247,048
Members' policy liabilities	16	378,653,098	367,397,324
Total liabilities		382,773,136	372,482,969
Net assets		23,734,146	24,336,255
Equity			
Retained earnings		23,734,146	24,336,255
Total equity		23,734,146	24,336,255

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

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Total equity at the beginning of the year		24,336,255	23,149,450
Total comprehensive income / (loss) for the year		(602,109)	1,186,805
Transfers from benefit funds		(400,000)	(3,216,200)
Transfers to the management fund		400,000	3,216,200
Total equity at the end of the year		23,734,146	24,336,255

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

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Premiums and contributions received		42,523,135	45,692,315
Interest on investments received		9,160,386	10,240,151
Dividends and distributions received		423,448	695,275
Payments for operating expenses		(6,498,008)	(9,290,153)
Lease payments – interest		(54,460)	(20,071)
Claims and benefits paid		(32,272,640)	(28,070,871)
Income tax paid		253,712	547,910
Net cash (used) / provided by operating activities		13,535,573	19,794,556
Cash flow from investing activities			
Payment for non-current assets		(232,419)	(256,504)
Net (purchases) / sales of investments		11,054,005	6,864,123
Net cash (used) / provided in investing activities		10,821,586	6,607,619
Cash flow from financing activities			
Lease payments - principal		(221,756)	(70,283)
Net cash (used) / provided in financing activities		(221,756)	(70,283)
Cash and cash equivalents at the beginning of the year		50,057,671	23,725,779
Net increase / (decrease) in cash held		24,135,403	26,331,892
Cash and cash equivalents at the end of the year	7	74,193,074	50,057,671
Reconciliation of net cash provided / (used) by operating activities			
Operating (loss) / profit after income tax		(602,109)	1,186,805
Depreciation and amortisation		295,717	455,745
Unrealised gains from fair value of assets		2,563,303	(1,478,990)
Changes in operating assets and liabilities			
Decrease / (increase) in receivables		95,785	(112,847)
Decrease / (increase) in current tax assets		181,263	438,858
Decrease / (increase) in deferred tax assets		226,225	1,144,281
(Decrease) / increase in creditors		24,364	311,894
(Decrease) / increase in lease liabilities		263,466	87,822
(Decrease) / increase in policy liabilities		11,255,774	18,415,163
(Decrease) / increase in deferred tax liabilities		(24,801)	(68,949)
(Decrease) / increase in provisions		(743,414)	(585,226)
Net cash (used) / provided by operating activities		13,534,573	19,794,556

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

Note 1. Company Information

The financial report is presented for Foresters Financial Limited (Foresters) as an individual entity.

The registered business name of the company is Foresters Financial.

Foresters is a registered unlisted public company under the *Corporations Act 2001* and is incorporated and domiciled in Australia.

The company is limited by both shares and guarantee. No shares have been issued.

The registered office and principal place of business is:

4/417 St Kilda Rd
Melbourne, VIC, 3004

A description of Foresters operations and principal activities are included in the Directors' Report. The Directors' Report does not form part of the financial report.

The financial report was authorised for issue in accordance with a resolution of the Board of Directors on 27th September 2021.

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Framework

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASs), including interpretations issued by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*.

The financial report consists of the financial statements, notes to the financial statements and the Directors' Declaration.

The financial statements are presented in Australian dollars being the functional currency of the company.

Amounts in the financial statements have been rounded to the nearest dollar.

The accounting policies adopted are stated in order to assist readers of the report to understand the financial statements. The policies have been consistently applied unless stated.

The assets and liabilities of each individual benefit fund and the management fund are separately managed.

Foresters has risk management policies in place in respect of its operations to identify and mitigate risk.

An Appointed Actuary provides an Actuarial Valuation Report and Financial Condition Report. The results of those reports are considered by the Board and utilised to update the policy liabilities and to manage any risks identified.

B. Compliance with International Financial Reporting Standards

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

C. Accounting Standards and Interpretations

The company has reviewed and applied all new accounting standards, amendments and interpretations that became applicable for the first time during the reporting period. The company has determined that there are no material impacts on the financial statements.

The impacts of accounting standards, amendments and interpretations not yet effective are disclosed in Note 3.

D. Significant judgements and key assumptions

The preparation of the financial statements requires the use of accounting estimates. It also requires management to exercise judgement in applying accounting policies. Other than the actuarial assumptions used in calculating the policy liabilities as disclosed in Note 2(S), no significant judgements have been made in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

No key assumptions have been made concerning the future and there are no other sources of uncertainty at the balance date that the Directors consider pose a significant risk of causing a material misstatement of the carrying amounts of assets and liabilities.

E. Historical cost convention

The financial statements have been prepared on a historical cost basis except for assets recognised and measured at fair value. Cost is based on the consideration given in exchange for assets.

Note 2. Summary of Significant Accounting Policies (Continued)

F. Fair value hierarchy

In order to disclose how fair value is determined, the entity is required to classify all assets and liabilities measured at fair value using a three level hierarchy.

Those levels are:

Level 1: Quoted prices in active markets for assets and liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly and;

Level 3: Unobservable inputs for the asset or liability where considerable judgement is required to determine fair value and the categorisation of the asset or liability can be subjective.

There have not been any transfers between the levels of the fair value hierarchy during the year.

Foresters does not carry any non-financial assets or liabilities at fair value and therefore no additional disclosure is required.

G. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions with terms to maturity of three months or less that are subject to insignificant risk of changes in value.

H. Trade and other receivables

Receivables are recognised for amounts to be received in the future relating to goods and services provided up to the balance date. Receivables which are known to be uncollectable are written back through the Statement of Profit or Loss and Other Comprehensive Income.

I. Investments and other financial assets

Investments and other financial assets are measured at fair value. Transaction costs are included as part of the initial measurement except for financial assets at fair value through profit or loss. Such assets may be subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and

the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the right to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering all or part of a financial asset its carrying value is written off.

i. Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- held for trading where they are acquired for the purpose of selling in the short term with an intention of making a profit, a derivative or;
- designated as such upon initial recognition where permitted.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include investments held in a business model where the objective is to both collect contractual cash flows and sell financial assets.

J. Income tax

Income taxes are accounted for using the comprehensive balance sheet method whereby:

- The tax consequences of recovering all assets or settling liabilities are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that the future tax asset will be realised and;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the deferred asset or liability is settled.

Note 2. Summary of Significant Accounting Policies (Continued)

J. Income tax (continued)

Income tax expense is the tax payable, calculated using the tax rates enacted or substantively enacted at the reporting date on the current periods' taxable income, adjusted for movements in deferred tax assets and deferred tax liabilities. Such movements are attributable to differences between the tax base of assets and liabilities and their carrying amounts in the financial statements as well as to carried forward tax losses.

K. Taxation of financial arrangements

Comprehensive rules for the taxation of financial arrangements have been enacted, the aim of which are to tax gains and losses from financial arrangements in a way that aligns the measurement of tax and accounting gains and losses from these arrangements.

In accordance with taxation of financial arrangements legislation, Foresters has made an election to apply the 'Elective Fair Value' method to all financial arrangements.

The effect of the election is that gains and losses from financial arrangements that are marked to market through profit and loss in accordance with applicable accounting standards, are allocated for income tax purposes in accordance with changes in their fair value.

L. Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis less accumulated depreciation and impairment losses. Historical cost includes all expenditure attributable to bring the asset to the location and condition necessary for it to operate in the manner intended.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset only when it is probable that future economic benefits associated with the item will be realised and when the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method net of residual value over the estimated

useful life of an asset. Residual asset values and useful lives are reviewed and adjusted as necessary at each balance date.

Leases entered into giving rise to a right of use asset are measured in accordance with AASB 16 Leases and disclosed at Note 10.

M. Intangible assets

Intangible assets acquired as part of a business combination other than goodwill are initially measured at fair value at the date of acquisition. Intangible assets, including software assets, acquired separately are initially recognised at cost and subsequently measured at cost less amortisation or any impairment.

The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset.

The amortisation method and useful lives of intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or expected useful life.

Amortisation of intangible assets is calculated using the straight-line method net of residual value over the estimated useful life of each class of intangible assets. Asset residual values are reviewed at each balance date.

Management rights are estimated to have a useful life of 10 years and software assets a useful life of 4 years or are aligned with contractual terms of use.

N. Impairment of assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income unless an asset has been previously revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through profit and loss.

Note 2. Summary of Significant Accounting Policies (Continued)

O. Leasehold improvements

The cost of leasehold improvements to leased properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement whichever is shorter.

P. Trade and other payables

Liabilities are recognised for amounts to be paid in the future relating to goods and services received up to the balance date. Trade accounts payable are settled on normal terms and conditions.

Q. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date taking into account the risks and uncertainties surrounding the obligation. Where the provision is measured using cash flows estimated to calculate the present obligation, the carrying amount is the present value of those cash flows.

R. Employee entitlements

Provisions are made for employee benefits arising from services rendered by employees up to the balance date. Provisions are recognised for benefits accruing to employees with respect to salaries and wages, retirement allowances, annual and long service leave when it is probable that settlement will be required and the liability can be reliably measured.

Provisions for employee benefits are calculated as short or long-term benefits.

Short term benefits are those that are expected to be wholly settled within the twelve months. They are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long term benefits are those that are not expected to be wholly settled within twelve months. They are measured at the present value of the estimated future cash flows.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future cash flows are discounted using market yields at the reporting date to estimate the future cash flows at a pre-tax rate reflective of current market assessments of the time value of money.

Regardless of the expected timing of settlement, provisions for employee benefits are recognised as a current liability unless there is an unconditional right to defer the settlement of the liability for a minimum of twelve months after the reporting date, in which case the provision would be classified as a non-current liability. Provisions for annual leave and unconditional long service leave are classified as current liabilities. Provisions for conditional long service leave are classified as non-current liabilities.

S. Life insurance contracts

The accounting treatment for certain transactions varies depending on the nature of the contract underlying the transaction. The major contract classifications are insurance contracts and investment contracts in accordance with AASB 1038 Insurance Contracts.

i. Insurance contracts (refer Note 16)

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain event (insured event) adversely affects the policyholder. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

The deposit component of a life insurance contract is split from the life insurance component of a life insurance contract, such that the premiums and claims under the life insurance component are recognised in the income statement as income and expense and, the premiums and claims under the deposit component are recognised in the balance sheet as changes in life insurance liabilities. Premiums and claims are split when it is practicable and when the components can be measured reliably. Whist premiums and claims are split, they remain within the scope of the life insurance standard.

Note 2. Summary of Significant Accounting Policies (Continued)

S. Life insurance contracts (continued)

i. Insurance contracts (refer Note 16) (continued)

The policy liability valuation for insurance contract funds (other than the Accident Fund) and the Funeral Bond Funds, is equal to the present value of future benefits, expenses and profits less the present value of future contributions, determined by applying the following assumptions:

- Mortality rates (Australian Life Tables) of 80% (2020: 80%) for the Sick and Funeral Fund, 110% (2020: 110%) for State Trustees Funds Taxable, 110% (2020: 105%) for the State Trustees Fund Exempt, 120% (2020: 120%) for Funeral Benefit Fund Taxable, 90% (2020: 90%) for Funeral Benefit Fund Exempt, 50% (2020: 50%) for the Police Association (Victoria) Benefit Fund and Death and Distress Fund members and 80% (2020: 80%) for the Police Association (Victoria) Benefit Fund and Death and Distress Fund spouses;
- Sickness benefits of 15% (2020: 15%) of contributions for the Police Association (Victoria) Benefit Fund;

- Resignation rates based on the experience for the Death and Distress and Sickness and Accident Funds and the Police Association (Victoria) Benefit Fund;
- Distress payments of 10% (2020: 10%) of contributions for the Death and Distress Fund;
- Future profits for the Sickness and Accident Fund of 70% (2020: 70%) of sickness benefits for Group Sickness;
- Future profits for the Funeral Transfer Fund of 28% (2020: N/a);
- Other assumptions as detailed in the table below:

Fund	Gross Interest		Expenses		Tax		Future Bonus Rates	
	2021	2020	2021	2020	2021	2020	2021	2020
Sick and Funeral	2.38%	1.83%	1.50%	1.25%	0.00%	0.00%	1.75%	1.50%
Death and Distress	1.21%	0.90%	2.00%	2.00%	(0.24)%	(0.33)%	0.00%	0.00%
Sickness and Accident	1.69%	0.96%	0.00%	0.00%	0.51%	0.29%	0.00%	0.00%
Police Association (Victoria)	2.79%	2.22%	0.00%	0.00%	0.84%	0.67%	0.00%	0.00%
Funeral Benefit Exempt	1.86%	1.48%	1.50%	1.40%	0.00%	0.00%	0.36%	0.08%
Funeral Benefit Taxable	1.98%	1.53%	1.50%	1.40%	0.14%	0.04%	0.34%	0.09%
Funeral Transfer Fund	2.21%	N/a	0.13%	N/a	0.62%	N/a	0.00%	N/a
State Trustees Funeral Exempt	1.72%	1.37%	1.50%	1.37%	0.00%	0.00%	0.22%	0.00%
State Trustees Funeral Taxable	1.87%	1.46%	0.50%	1.40%	0.41%	0.02%	0.50%	0.04%

Note 2. Summary of Significant Accounting Policies (Continued)

S. Life insurance contracts (continued)

i. Insurance contracts (refer Note 16) (continued)

The Death and Distress, Sickness and Accident, Police Association (Victoria) and Accident Funds have charges levied on contributions.

For the Accident Fund, the liability has been taken as 30% (2020: 30%) of one years' premium (net of fees).

The member policy liabilities of the Sick and Funeral Fund have been revalued as a result of an increase in the risk-free interest rate.

The member policy liabilities of the Police Association (Victoria) Benefit Fund have been revalued to \$290,606 (2020: \$110,826). The assumed cost of sickness benefits is 15% (2020: 15%).

Movement in member policy liabilities is recorded in the Statement of Profit or Loss and Other Comprehensive Income.

ii. Investment contracts (refer Note 16)

A contract governed by the Life Insurance Act 1995, that does not meet the definition of a life insurance contract is a life investment contract. The accounting treatment of an investment contract depends on whether the investment had a discretionary participation feature.

A discretionary participation feature represents a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be significant portion of the total benefits;
- Distributed at the discretion of the insurer, and;
- Based on performance of a specified pool of assets.

Deposits collected and benefits paid under investment contracts with a discretionary participation feature are accounted for through profit or loss.

The gross change in the valuation of these policies, which may include any participation benefits vested and any undistributed surplus, is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which it occurs.

Deposits collected and withdrawals processed for investment contracts without a discretionary participation feature are accounted for directly through the balance sheet as movements in the investment contract liability. Distributions on these contracts are charged through profit or loss as an expense.

The policy liability valuation for investment contract funds is in accordance with the Life Insurance Act 1995 and represents the movement in the sum of the members' account balances and is recognised through profit and loss.

iii. Management fees

Fees for expenses earned by the management fund for all life insurance contract policies are based on a percentage of the respective fund net assets or premiums paid. For insurance contract benefit funds, the Appointed Actuary may recommend the release of surpluses to the management fund.

iv. Solvency and capital adequacy requirements

In accordance with prudential standards, the benefit funds are required to hold reserves over and above their policy liabilities to protect against adverse experience and poor investment returns. The level of reserves required has been calculated in accordance with the methodologies and requirements of the Life Insurance Act 1995, Actuarial Standards 2.04 and 3.04 and are monitored by the Appointed Actuary.

The Appointed Actuary, Brett and Watson Pty Ltd, provide expertise in actuarial services with experience in general insurance, friendly societies and general consulting. Brett and Watson Pty Ltd provide the valuation of member policy liabilities and related balances of Foresters.

T. Asset Backed Life Insurance Liabilities and Life Investment Contract Liabilities

Assets backing life insurance liabilities and life investment contract liabilities are measured on a basis that is consistent with the measurement of the life insurance liabilities or life investment contract liabilities.

Foresters has determined that all assets held within its benefit funds represent asset backed policy liabilities.

Note 2. Summary of Significant Accounting Policies (Continued)

T. Asset Backed Life Insurance Liabilities and Life Investment Contract Liabilities (continued)

Asset backed policy liabilities are measured at fair value through profit and loss.

U. Distribution of surpluses of the benefit funds

The distributable surpluses, being interim and final bonuses credited to the policyholders of the benefit funds, are treated as an expense through profit and loss with the result that the profit before tax is reduced by that amount, whilst the income tax expense is calculated on profit excluding the distributed surpluses of the benefit funds.

V. Policyholders entitlement to monies held in benefit funds

Monies held in the life insurance benefit funds are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the benefit funds are held for the benefit of the members of those funds, and are subject to Foresters' Constitution and rules of those benefit funds.

W. Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Management fees earned from the benefit funds are calculated as an agreed percentage of the respective benefit funds' net assets or premiums paid and are recognised on an accrual basis.

Interest income, dividend income and distribution income are brought to account on an accrual basis. Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment is established.

X. Changes in accounting policies

There have been no changes in accounting policies during the reporting period.

Y. Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of the related expense. The GST portion

relating to financial supplies and non-deductible expenditure, for which an input tax credit cannot be claimed is expensed.

Z. Right of use assets and lease liabilities

i. Right of use assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain the ownership of the leased asset at the end of the lease term, the depreciation is its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has not recognised any short term lease liabilities or right of use assets as no such arrangements exist.

ii. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments comprise:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option when the exercise of the option is reasonably certain to occur and;
- any anticipated termination penalties.

Note 2. Summary of Significant Accounting Policies (Continued)

Z. Right of use assets and lease liabilities (continued)

ii. Lease liabilities

The variable lease payments that do not depend on an index or a rate are expressed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term or;
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

Note 3. New Accounting Standards issued that are not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact Foresters upon initial application. The standards are not mandatory For the Year Ended 30 June 2021 and early adoption has not been undertaken by Foresters. An assessment of the impact of these standards upon application is included in the table below.

AASB Standard	Title & Summary	Standard applicable for annual reporting beginning on	Applicable date for Foresters	Impact on Foresters' financial statements
AASB 17 <i>Insurance Contracts</i>	<p>AASB 17 <i>Insurance Contracts</i> incorporates IFRS 17 Insurance Contracts as issued and amended by the International Accounting Standards Board (IASB).</p> <p>AASB 17 <i>Insurance Contracts</i> is a comprehensive accounting standard that establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.</p> <p>AASB 17 will replace AASB 4 <i>Insurance Contracts</i>.</p> <p>The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.</p>	1 January 2023	1 July 2023	<p>During the reporting period, Foresters received advice that it does not carry any material insurance contracts that bear any significant insurance risk.</p> <p>This does not preclude the application of AASB 17 to the Financial Statements in the future.</p> <p>As at the reporting date, Foresters has committed to a further review of the application of AASB 17 including a consideration of the company's product suite and development plans.</p> <p>Once finalised, Foresters will consider the recommendations of the review and report in compliance with the accounting standard, if applicable, from the adoption date. The impact on the financial statements is expected to be significant if the standard is applied.</p>

Note 3. New Accounting Standards issued that are not yet effective (continued)

AASB Standard	Title & Summary	Standard applicable for annual reporting beginning on	Applicable date for Foresters	Impact on Foresters' financial statements
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.</i>	<p>The standard amends a number of accounting standards as follows;</p> <ul style="list-style-type: none"> - AASB 7 <i>Financial Instruments: Disclosures</i> - AASB 101 <i>Presentation of Financial Statements</i> - AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> - AASB 134 <i>Interim Financial Reporting</i> - AASB Practice Statement 2 <i>Making Materiality Judgements.</i> 	1 January 2023	1 July 2023	<p>The impact on the financial statements is expected to be a reduction in the number of accounting policy related disclosures enabling a focus on key decision areas and material policies.</p> <p>The amendments will operate to:</p> <ul style="list-style-type: none"> - clarify that information about measurement bases for financial instruments that is expected to be material to an entity's financial statements; - require entities to disclose their material accounting policy information rather than their significant accounting policies; - clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; - identify material accounting policy information as a component of a complete set of financial statements and; - provide guidance on how to apply the concept of materiality to accounting policy disclosures.

	2021 \$	2020 \$
Note 4. Revenue		
Investment Income		
Interest on investments	8,809,464	9,696,368
Dividends and distribution income	427,553	685,518
Changes in the fair value of securities	(2,256,797)	1,978,647
Less: direct investment expense	(400,102)	(373,353)
Total investment income	6,580,118	11,987,180
Insurance Premiums Received		
The Police Association (Victoria) Benefit Fund	1,427,202	1,372,338
Sickness and Accident Fund	78,748	86,789
Accident Fund	36,214	39,692
Death and Distress Fund	22,483	24,875
Funeral Transfer Fund	58,320	-
Sick and Funeral Fund	29,418	27,571
Total insurance premiums received	1,652,385	1,551,265
Fees and Commissions		
Fees received	43,606	40,153
Commissions received	810	4,266
Total fees and commissions	44,416	44,419
Note 5. Ordinary Expenses		
Employee benefits	2,764,979	2,515,447
Operating expenses	1,523,608	1,427,089
Sales and marketing	734,350	717,655
Occupancy	13,821	201,649
Depreciation and amortisation	295,717	455,745
Lease – depreciation charge	263,466	87,822
Lease – interest charge	54,460	20,071
VPA members counselling	383,166	366,116
Claims paid to policyholders	1,858,412	1,606,067
Changes in policy liabilities	(1,795,864)	1,740,470
Total ordinary expenses	6,096,115	9,138,131

	2021 \$	2020 \$
Note 6. Income Tax Expense		
Income tax recognised in profit or loss:		
Current tax provision	(75,876)	(115,643)
Adjustment relating to temporary differences	206,858	1,076,549
Over (under) provision prior year	(2,007)	5,374
Total income tax (benefit)	128,975	966,280
The amount provided in respect of income tax differs from the amount prima facie payable on operating profit / (loss). The difference is reconciled as follows:		
Profit / (Loss) before income tax	200,625	2,153,085
Prima facie tax on profit (loss) for the period at 30% (2020: 30%)	60,188	645,925
Add (deduct) tax effect of:		
Non-deductible distributions	(344)	687,407
Net non-assessable income	(1,274,160)	(1,920,137)
Non-deductible expenses	235,180	24,480
Other income and allowable deductions	1,185,568	1,639,083
Over provision of tax	(2,007)	5,374
Franking credit rebate	(76,084)	(115,852)
Income tax (benefit)	128,975	966,280
Note 7. Cash and Cash Equivalents		
Cash management accounts	1,944,698	2,282,557
Deposit at call accounts	72,248,376	47,775,114
Total cash and cash equivalents	74,193,074	50,057,671
Note 8. Trade and Other Receivables		
Prepaid expenses	80,656	160,911
Sundry receivables	223,563	239,093
Total trade and other receivables	304,219	400,004
Note 9. Investments		
Investment in interest bearing securities	296,160,151	309,776,389
Investment in ASX listed securities	8,894,647	7,187,849
Investment in managed funds	22,098,380	23,806,248
Total investments	327,153,178	340,770,486

Note 9. Investments (Continued)

The fair value of the financial assets as well as the method used to estimate the fair value is summarised in the table below. An explanation of the fair value hierarchy is detailed at Note 2F.

	Quoted Market Price Level 1	2021 \$ Market Observable Level 2	Non-Market Observable Level 3	Quoted Market Price Level 1	2020 \$ Market Observable Level 2	Non-Market Observable Level 3
Investment in interest bearing securities	296,160,151	-	-	309,776,389	-	-
Investments in ASX listed securities	8,894,647	-	-	7,187,849	-	-
Investment in managed funds	-	22,098,380	-	-	23,806,248	-
Total investments	305,054,798	22,098,380	-	316,964,238	23,806,248	-

Note 10. Right of Use Asset

The only lease giving rise to a right of use asset is the commercial premises lease of 4/417 St Kilda Rd, Melbourne, VIC, 3004. The term of the lease is for a period of five years and commenced in March 2020.

There are no guarantees, restrictions or commitments that require disclosure in the financial statements other than those presented below.

The right of use asset and lease liability is disclosed in the financial statements as follows:

Balance Sheet			
Category	Disclosure	2021 \$	2020 \$
Right of use asset	Leased asset	1,317,331	1,317,331
Accumulated depreciation	Leased asset	(351,288)	(87,822)
	Leased asset	966,043	1,229,509
Lease liability	Lease liabilities	1,025,292	1,247,048

Note 10. Right of Use Asset (Continued)

Statement of Profit or Loss and Other Comprehensive Income

Category	Disclosure	2021 \$	2020 \$
Depreciation charge	Ordinary expenses	263,466	87,822
Interest expense	Ordinary expenses	54,460	20,071

Statement of Cash Flows

Category	Disclosure	2021 \$	2020 \$
Lease payments	Lease payments - principal	221,756	70,283
Lease interest	Lease payments - interest	54,460	20,071

As at 30 June 2021, the company has the following lease commitments with respect to the right of use asset:

Lease payments	2021 \$	2020 \$
No later than one year	288,675	276,217
Later than one year but no later than five years	832,952	1,121,628
Total - Lease Payments	1,121,627	1,397,845

	2021 \$	2020 \$
Note 11. Deferred Tax Asset		
The balance comprises temporary differences attributable to:		
Tax losses carried forward	2,720,643	2,794,963
Employee entitlements	100,538	96,994
Accrued expenses	154,557	129,547
Directors' retirement allowance	1,890	228,458
Fixed Assets	46,109	-
Total deferred tax asset	3,023,737	3,249,962

	2021 \$	2020 \$
Note 12. Intangible Assets		
Work in progress	2,223	48,870
Management rights	2,500,000	2,500,000
Less: Accumulated Amortisation	(2,500,000)	(2,437,500)
Intangible assets	897,749	654,451
Less: Accumulated Amortisation	(397,774)	(215,430)
Total intangible assets	501,928	550,391
Movements in carrying amounts		
Balance at the beginning of the year	550,391	783,224
Additions	196,381	156,255
Amortisation expense	(244,844)	(389,088)
Total intangible assets	501,928	550,391
Note 13. Trade and Other Payables		
Suppliers and creditors	826,586	861,125
Accrued general expenses	694,708	625,781
Funeral Trusts (refer Note 33)	1,232,024	1,242,048
Total trade and other payables	2,753,318	2,728,954
Note 14. Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Net restructure expenditure amortised	-	24,801
Total deferred tax liabilities	-	24,801
Note 15. Other Provisions		
Annual leave	154,594	143,295
Long service leave	180,534	180,019
Directors' retirement allowance	6,300	761,528
Total other provisions	341,428	1,084,842

	2021 \$	2020 \$
Note 16. Members' Policy Liabilities		
Investment contracts:		
Bonus Bond Fund	1,474,142	1,538,148
Flexible Insurance Fund	13,233,646	15,875,795
Education and Savings Fund	831,857	983,618
Funeral Benefit Fund (Exempt and Taxable)	289,197,383	269,354,844
State Trustees Funeral Fund (Exempt and Taxable)	20,735,444	22,528,299
Blue Chip Endowment Assurance Fund	21,360,084	23,962,333
Total investment contracts	346,832,556	334,243,037
Insurance contracts:		
Sickness and Accident Fund	134,759	145,558
Sick and Funeral Fund	31,270,557	32,826,731
The Police Association (Victoria) Benefit Fund	290,606	110,286
Death and Distress Fund	60,017	63,712
Funeral Transfer Fund	57,603	-
Accident Fund	7,000	8,000
Total insurance contracts	31,820,542	33,154,287
Total members' policy liabilities	378,653,098	367,397,324

The fair value of the financial liabilities as well as the method used to estimate the fair value is summarised in the table below. An explanation of the fair value hierarchy is detailed at Note 2F.

	2021 \$ Market Observable Level 2	2020 \$ Market Observable Level 2
Investment contract policy liabilities	346,832,556	334,243,037
Insurance contract policy liabilities	31,820,542	33,154,287
	378,653,098	367,397,324

Note 17. Superannuation Guarantee Contributions

During the year Foresters made contributions in respect of employee's superannuation to a complying superannuation fund in accordance with the Legislative requirements. Defined contributions of 9.50% (2020: 9.50%) for the year totalled \$182,138 (2020: \$162,908).

	2021 \$	2020 \$
Note 18. Auditor's Remuneration		
Total of all remuneration received or due and receivable by the auditor in connection with:		
Audit of financial statements	138,000	138,000
Other professional review services	35,350	30,125
Total auditor's remuneration	173,350	168,125
Note 19. Actuary's Remuneration		
Total of all remuneration received or due and receivable by the actuary in connection with:		
Actuary's statutory functions	132,500	109,190
Other services	23,555	15,740
Total actuary's remuneration	156,055	124,930

Note 20. Directors and Key Management Personnel

Directors during the reporting period

	Compensation	2021 \$	2020 \$
Caroline Banhidy - Chair			
David Heath - Director	Short term employee benefits	825,519	875,734
Michael Liu - Director			
Andrew Baxter - Director	Post employment benefits	761,740	640,641
Andrew Smith - Director			
Theodore Fleming - Chairman (retired 26 November 2020)	Other long term benefits	6,512	23,072
Richard Bouchier - Director (retired 3 July 2020)			
	Total compensation	1,593,771	1,539,447

Key Management Personnel

Craig Bell - Chief Executive Officer
(resigned 10 September 2021)

Note 21. Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated.

The Directors hold policies in various benefit funds on terms and conditions no more favourable than those available to all members.

Loans to or from related parties

There are/were no loans to or from related parties at the current and previous reporting date.

Transactions with related parties

There were no related party transactions during the reporting period.

Note 22. Subsequent Events

There are no matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect the company's operations, the results of those operations, or state of affairs in future financial years.

Note 23. Commitments for Expenditure

The company has no commitments for expenditure as at 30 June 2021 other than the lease of 4/417 St Kilda Rd, Melbourne, VIC, 3004 as disclosed at Note 10.

Note 24. Coronavirus Pandemic

The impact of the coronavirus pandemic has been considered in the preparation of the financial statements.

There is no material impact on the application of accounting policies, judgements or estimation techniques relied upon when preparing the financial statements.

The assumptions utilised in determining the member policy liabilities are based on the observed experience to 30 June 2021.

Where appropriate, random stress factors, which apply for one after the valuation date, have been utilised to allow for the potential impact of the coronavirus on the claims experience.

Each of the benefit funds impacted by the increase in random stress factors have the capacity to meet the higher insurance risk charges.

The coronavirus pandemic has not caused a need for disclosure of any events subsequent to balance date.

Accounting policies have been applied consistently between reporting periods.

Note 25. Unexpected Events And Funeral Benefit Funds

During the reporting period, APRA approved the Benefit Fund Rules of the Unexpected Events Fund as well as amendments to those of the Funeral Benefit Funds.

The amendments to the Benefit Fund Rules of the Funeral Benefit Funds provided for the introduction of the Balanced, Growth, High Growth and Sustainable Benefit Funds. These were launched in July 2021.

As at 30 June 2021, the Unexpected Events Fund and the Balanced, Growth, High Growth and Sustainable Funeral Benefit Funds had no assets or liabilities.

Note 26. Financial Risk Management

Foresters' financial instruments comprise cash and cash equivalents, short and long-term fixed interest investments, government and semi-government securities, shares in listed companies and unit trusts. Foresters does not invest or trade in derivatives.

Foresters manages its exposure to key financial risks, particularly interest rate movements, in accordance with its Risk Management Framework and more specifically, the Investment Policy. The policy is overseen by the Investment Committee. Funds under management are invested in securities in accordance with the respective benefit fund's investment parameters. The investment parameters are approved by the Board.

The parameters take into account applicable legislation and are derived after consultation with Investment Advisors and the Appointed Actuary.

Foresters' investments are externally managed by investment advisors.

Foresters' Investment Committee retains responsibility for the investments and monitors all investment activity in accordance with guidelines to ensure that financial risks are appropriately managed.

Note 26. Financial Risk Management (Continued)

The Investment Committee ensures compliance with the guidelines by reviewing each benefit fund's asset allocation on an ongoing basis by comparing the benefit fund's actual asset allocation against the ranges determined as appropriate for each benefit fund.

A. Significant Accounting Policies

Measurement, and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2 to the financial statements.

B. Financial risks

The entity is exposed to a number of financial risks including market risk, credit risk and liquidity risk.

Foresters' Risk Management Framework Strategy seeks to minimise these risks and their potential adverse effect on the financial performance of the company.

i. Market Risk – Fair value interest rate risk

As Foresters has significant interest-bearing investments, income and operating cash flows are exposed to changes in market interest rates. The Board has approved a set of investment parameters for the investment of each benefit fund's assets. These parameters take into consideration the requirements of applicable legislation and benefit fund rules as certified as appropriate by the Appointed Actuary.

ii. Market Risk – Price risk

Foresters is exposed to price risk relating to its equity exposures. To manage the risk arising from investments in equity securities, Foresters diversifies its portfolio in accordance with the investment parameters set by the Investment Committee. There is no exposure to commodity price risk.

iii. Market Risk – Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Foresters has no foreign exchange risk exposure.

iv. Credit Risk

Foresters is exposed to the risk of financial loss arising from credit risk should a

counterparty default on its contractual obligations.

Foresters invests in accordance with its investment policy as a means of mitigating the risk of financial losses from defaults.

As an APRA regulated institution, Foresters monitors its exposure to risk, including credit risk, in compliance with prudential standards. Compliance with the prudential standards is monitored by the Board on an ongoing basis by ensuring policies and procedures are implemented in accordance with the Risk Management Framework.

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk.

v. Liquidity Risk

Liquidity risk is the risk that assets cannot be realised to allow the company to meet its obligations as they fall due.

Foresters manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of financial assets and liabilities. Foresters aims to maintain a relatively flexible range of short and long-term investments to enable access to funding at short notice if necessary.

C. Net Fair Value

The carrying amounts of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values.

Note 27. Sensitivity Analysis

A. Interest Rate Risk

Foresters investments are subject to risks associated with financial assets (Refer Note 26).

For the purpose of the analysing interest rate risk, the effect of a 0.50% interest rate increase or decrease (2020: 0.50%) on profit / (loss) before income tax and net assets is shown in the table below.

Fluctuations in interest rates will not have a material impact on cash flows as most investments are on fixed rates.

The fair value of assets may be impacted by movements in interest rates.

The impact of a 0.50% movement in interest rates is as follows:

Category	2021 \$		2020 \$	
	Net Profit/(Loss)	Net Assets	Net Profit/(Loss)	Net Assets
Adjusted by +0.5% increase	(2,051,670)	22,155,610	495,987	22,679,158
Net Profit / (Loss) before income tax	(473,134)	-	2,153,084	-
Net Assets	-	23,734,146	-	24,336,255
Adjusted by -0.5% decrease	1,105,402	25,312,682	3,810,181	25,993,352

B. Price Risk

For the purposes of the analysing price risk, the effect of a 10.00% increase or decrease (2020: 10.00%) in equity prices on profit / (loss) before income tax and net assets is shown in the table below.

Category	2021 \$		2020 \$	
	Net Profit/(Loss)	Net Assets	Net Profit/(Loss)	Net Assets
Adjusted by +10% increase	654,938	24,862,218	3,088,189	25,271,360
Net Profit / (Loss) before income tax	(473,134)	-	2,153,084	-
Net Assets	-	23,734,146	-	24,336,255
Adjusted by -10% decrease	(1,601,206)	22,606,074	1,217,979	23,401,150

Note 28. Exposure to Interest Rate Risk

The following tables detail Foresters' exposure to interest rate risk for assets and liabilities as at the reporting date:

Category	As at 30 June 2021 \$			Weighted average interest rates
	1 year or less	Over 1 year to 5 years	Over 5 years	
Assets:				
<i>Financial assets:</i>				
Cash and cash equivalents	74,193,074	-	-	0.05%
Trade and other receivables	223,563			Nil
Other financial assets	103,305,514	150,554,475	73,293,189	2.35%
<i>Non-financial assets:</i>				
Prepaid expenses	80,656	-	-	Nil
Plant and equipment	97,371	-	-	Nil
Leased Asset Office	966,043			4.85%
Current income tax and deferred tax	267,732	3,023,737	-	
Intangible and other assets	501,928	-	-	Nil
Total assets	179,635,881	153,578,212	73,293,189	406,507,282
Liabilities:				
<i>Financial liabilities:</i>				
Trade and other payables	2,753,318	-	-	Nil
Non-financial liabilities:				
Policy liabilities	36,899,727	-	341,753,369	Nil
Income tax payable and deferred tax	-	-	-	Nil
Lease liability	245,243	780,049	-	4.85%
Other liabilities	341,428	-	-	Nil
Total liabilities	40,239,716	780,049	341,753,369	382,773,134
Net assets	139,396,165	152,798,163	(268,460,180)	23,734,148

Note 28. Exposure to Interest Rate Risk (Continued)

Category	As at 30 June 2020 \$			Weighted average interest rates
	1 year or less	Over 1 year to 5 years	Over 5 years	
Assets:				
<i>Financial assets:</i>				
Cash and cash equivalents	50,057,671	-	-	0.79%
Trade and other receivables	239,093			Nil
Other financial assets	138,648,897	141,261,756	60,859,833	2.84%
<i>Non-financial assets:</i>				
Prepaid expenses	160,911	-	-	Nil
Plant and equipment	112,206	-	-	Nil
Leased Asset Office	1,229,509	-	-	4.85%
Current income tax and deferred tax	448,995	3,249,962	-	Nil
Intangible and other assets	550,391	-	-	Nil
Total assets	191,447,673	144,511,718	60,859,833	396,819,224
Liabilities:				
<i>Financial liabilities:</i>				
Trade and other payables	2,728,954	-	-	Nil
Non-financial liabilities:				
Policy liabilities	42,359,897	-	325,037,427	Nil
Income tax payable and deferred tax	-	24,801	-	Nil
Lease liability	221,757	1,025,291	-	4.85%
Other liabilities	1,084,842	-	-	Nil
Total liabilities	46,395,450	1,050,092	325,037,427	372,482,969
Net assets	145,052,223	143,461,626	(264,177,594)	24,336,255

Note 29. Statutory Benefit Fund Income and Expenses

For the Period Ended 30 June 2021 \$

Benefit Fund	Net investment income	Insurance premiums and commissions	Other income	Fees to management	Claims expenses	Changes in policy liabilities	Other expenses	Distributions paid to policy holders	Profit (loss) before tax	Income tax expense	Profit (loss) after tax	Surplus opening balance	Transfers to (from) benefit funds	Current surplus
								Interim	Final					
Investment Contracts:														
Bonus Bond	7,397	12,002	-	(20,956)	-	-	-	-	(1,557)	-	(1,557)	10,931	-	9,374
Flexible Insurance	109,035	-	-	(110,447)	-	(5,140)	(652)	-	(20,380)	(9,170)	(29,550)	131,335	-	101,785
Education and Savings	3,500	4,920	-	(8,852)	-	-	-	-	(432)	(2,199)	(2,631)	6,426	-	3,795
Funeral Benefit (Exempt and Taxable)	6,616,663	-	-	(3,941,198)	-	-	(370,634)	(97)	(2,097,421)	(381,862)	(174,549)	2,088,443	-	1,913,894
State Trustees (Exempt and Taxable)	419,671	-	-	(305,095)	-	-	(91,855)	-	(54,507)	11,680	(42,827)	196,930	-	154,103
Blue Chip Endowment	186,936	-	-	(170,000)	(32,425)	-	-	1,245	(14,244)	(16,073)	(30,317)	173,303	-	142,986
Total investment contracts	7,343,202	16,922	-	(4,556,548)	(32,425)	(5,140)	(463,141)	1,148	(2,187,825)	(397,624)	(281,431)	2,607,368	-	2,325,937
Insurance Contracts:														
Sickness and Accident	(542)	78,748	-	(22,323)	(30,124)	10,799	-	-	36,558	(2,210)	34,348	92,298	-	126,646
Accident	1,994	36,214	-	(16,296)	(1,250)	1,000	(5,491)	-	16,171	(9,100)	7,071	523,912	-	530,983
Funeral Transfer	(453)	58,321	-	(133)	-	(57,603)	-	-	132	(2)	130	-	-	130
Sick and Funeral	(828,513)	29,418	-	(454,209)	(799,356)	2,023,434	-	-	(496,486)	-	(496,486)	2,431,254	-	1,934,768
Police Association	19,020	1,427,202	-	(356,800)	(522,006)	(180,320)	-	-	387,096	(72,418)	314,678	2,678,295	(400,000)	2,592,973
Death and Distress	3,243	22,483	-	(13,383)	(10,000)	3,695	-	-	6,038	(3,458)	2,580	328,432	-	331,012
Total insurance contracts	(805,251)	1,652,386	-	(863,144)	(1,362,736)	1,801,005	(5,491)	1,148	(467,260)	(87,188)	(137,679)	6,054,191	-	5,516,512
Total all contracts	6,537,951	1,669,308	-	(5,419,692)	(1,395,161)	1,795,865	(468,632)	1,148	(2,655,085)	(484,812)	(419,110)	8,661,559	(400,000)	7,842,449

Note 29. Statutory Benefit Fund Income and Expenses (Continued)

For the Period Ended 30 June 2020 \$

Benefit Fund	Net investment income	Insurance premiums and commissions	Other income	Fees to management	Claims expenses	Changes in policy liabilities	Other expenses	Distributions paid to policy holders	Profit (loss) before tax	Income tax expense	Profit (loss) after tax	Surplus opening balance	Transfers to (from) benefit funds	Current surplus
								Interim	Final					
Investment Contracts:														
Bonus Bond	22,680	12,659	-	(40,471)	-	-	-	-	(5,132)	-	(5,132)	16,063	-	10,931
Flexible Insurance	289,356	-	-	(244,960)	-	-	-	78	(30,985)	(46,036)	(32,547)	163,882	-	131,335
Education and Savings	16,416	5,460	-	(24,716)	-	-	-	-	(2,840)	(5,166)	(8,006)	10,632	3,800	6,426
Funeral Benefit (Exempt and Taxable)	8,682,687	-	-	(4,546,190)	-	-	(352,519)	-	(1,696,334)	(1,135,250)	952,394	1,136,049	-	2,088,443
State Trustees (Exempt and Taxable)	172,651	-	-	(352,659)	-	-	(99,390)	-	(28,045)	21,657	(285,786)	482,716	-	196,930
Blue Chip Endowment	433,537	-	-	(386,697)	(14,225)	-	-	1,437	(48,174)	(69,216)	(83,338)	256,642	-	173,304
Total investment contracts	9,617,327	18,119	-	(5,595,693)	(14,225)	-	(451,909)	1,515	(1,803,558)	(1,234,011)	537,585	2,065,984	3,800	2,607,369
Insurance Contracts:														
Sickness and Accident	828	86,789	-	(24,634)	(21,288)	10,426	-	-	52,121	(2,421)	49,700	162,598	(120,000)	92,298
Accident	5,554	39,692	-	(17,862)	(500)	-	(6,001)	-	20,883	(10,843)	10,040	613,871	(100,000)	523,911
Sick and Funeral	2,234,377	27,571	-	(284,370)	(606,421)	(1,657,831)	-	-	(489,333)	-	(776,007)	5,807,260	(2,600,000)	2,431,253
Police Association	58,658	1,372,338	-	(480,318)	(513,430)	(110,286)	-	-	326,962	(81,358)	245,604	2,832,692	(400,000)	2,678,296
Death and Distress	6,768	24,875	-	(13,832)	(8,000)	17,221	-	-	27,032	(7,883)	19,149	309,283	-	328,432
Total insurance contracts	2,306,185	1,551,265	-	(821,016)	(1,149,639)	(1,740,470)	(6,001)	-	(489,333)	(102,505)	(451,514)	9,725,704	(3,220,000)	6,054,190
Total all contracts	11,923,512	1,569,384	-	(6,416,709)	(1,163,864)	(1,740,470)	(457,910)	1,515	(2,292,871)	(1,336,516)	86,071	11,791,688	(3,216,200)	8,661,559

Note 30. Statutory Benefit Fund Assets, Liabilities and Unallocated Surplus

As at 30 June 2021 \$

Benefit Fund	Cash and cash equivalents	Assets				Liabilities and Unallocated Surplus					
		Receivables	Fixed interest and other investments	Other assets	Current and deferred tax assets	Total assets	Provision for current and deferred tax	Creditors and other liabilities	Members policy liabilities	Total liabilities	Net assets
Investment Contracts:											
Bonus Bond	1,485,051	-	-	-	-	1,485,051	-	1,535	1,474,142	1,475,677	9,374
Flexible Insurance	6,846,541	-	6,509,597	-	-	13,356,138	6,748	13,959	13,233,646	13,254,353	101,785
Education and Savings	838,312	-	-	-	-	838,312	2,106	554	831,857	834,517	3,795
Funeral Benefit (Exempt and Taxable)	39,013,521	49,613	252,943,008	-	-	292,006,142	209,919	684,946	289,197,383	290,092,248	1,913,894
State Trustees (Exempt and Taxable)	29,988	-	20,866,355	-	-	20,896,343	(18,493)	25,289	20,735,444	20,742,240	154,103
Blue Chip Endowment	9,987,377	-	11,543,606	-	-	21,530,983	11,250	16,663	21,360,084	21,387,997	142,986
Total investment contracts	58,200,790	49,613	291,862,566	-	-	350,112,969	211,530	742,946	346,832,556	347,787,032	2,325,937
Insurance Contracts:											
Sickness and Accident	266,389	-	-	-	-	266,389	2,208	2,776	134,759	139,743	126,646
Accident	548,345	-	-	-	-	548,345	9,046	1,316	7,000	17,362	530,983
Funeral Transfer Fund	132,904	-	-	-	-	132,904	(6)	75,177	57,603	132,774	130
Sick and Funeral	1,576,766	-	31,671,969	-	-	33,248,735	-	43,410	31,270,557	31,313,967	1,934,768
Police Association	2,370,206	-	1,014,432	-	-	3,384,638	70,554	430,505	290,606	791,665	2,592,973
Death and Distress	90,832	-	306,031	-	-	396,863	3,365	2,469	60,017	65,851	331,012
Total insurance contracts	4,985,442	-	32,992,432	-	-	37,977,874	85,167	555,653	31,820,542	32,461,362	5,516,512
Total all contracts	63,186,232	49,613	324,855,998	-	-	388,090,843	296,697	1,298,599	378,653,098	380,248,394	7,842,449

Note 30. Statutory Benefit Fund Assets, Liabilities and Unallocated Surplus (Continued)

As at 30 June 2020 \$

Benefit Fund	Cash and cash equivalents	Receivables	Assets			Current and deferred tax assets	Total assets	Provision for current and deferred tax	Liabilities and Unallocated Surplus			Net assets	
			Fixed interest and other investments	Other assets					Creditors and other liabilities	Members policy liabilities	Total liabilities		
Investment Contracts:													
Bonus Bond	851,625	-	701,304	-	-	-	1,552,929	-	3,850	1,538,148	1,541,998	10,931	
Flexible Insurance	4,946,430	-	11,119,471	-	-	-	16,065,901	36,971	21,800	15,875,795	15,934,566	131,335	
Education and Savings	691,767	-	304,595	-	-	-	996,362	4,435	1,883	983,618	989,936	6,426	
Funeral Benefit (Exempt and Taxable)	23,006,807	32,945	249,928,759	-	-	-	272,968,511	835,591	689,633	269,354,844	270,880,068	2,088,443	
State Trustees (Exempt and Taxable)	162,853	-	22,564,200	-	-	28,448	22,755,501	-	30,272	22,528,299	22,558,571	196,930	
Blue Chip Endowment	9,672,470	-	14,551,441	-	-	-	24,223,911	55,269	33,005	23,962,333	24,050,607	173,304	
Total investment contracts	39,331,952	32,945	299,169,770	-	-	28,448	338,563,115	932,266	780,443	334,243,037	335,955,746	2,607,369	
Insurance Contracts:													
Sickness and Accident	364,618	-	-	-	-	-	364,618	2,410	124,352	145,558	272,320	92,298	
Accident	644,046	-	-	-	-	-	644,046	10,628	101,507	8,000	120,135	523,911	
Sick and Funeral	439,813	-	37,451,417	-	-	-	37,891,230	-	2,633,246	32,826,731	35,459,977	2,431,253	
Police Association	2,240,569	-	1,063,873	-	-	-	3,304,442	77,332	438,528	110,286	626,146	2,678,296	
Death and Distress	83,770	-	316,342	-	-	-	400,112	7,647	321	63,712	71,680	328,432	
Total insurance contracts	3,772,816	32,945	38,831,632	-	-	-	42,604,448	98,017	3,297,954	33,154,287	36,550,258	6,054,190	
Total all contracts	43,104,768	32,945	338,001,402	-	-	28,448	381,167,563	1,030,283	4,078,397	367,397,324	372,506,004	8,661,559	

Note 31. Statutory Benefit Funds Policy Liabilities

As at 30 June 2021 \$								
Benefit Fund	Value of policy liabilities 1 July 2020	Allocation of surplus prior year	Liability component of contributions	Withdrawals (including interim bonuses)	Allocation of surplus current year	Member liability revaluation	Restructured benefit funds	Value of policy liabilities at the end of the year
Investment Contracts:								
Bonus Bond	1,538,148	-	59,483	(123,489)	-	-	-	1,474,142
Flexible Insurance	15,844,810	30,985	218,973	(2,879,438)	13,176	5,140	-	13,233,646
Education and Savings	983,618	-	48,254	(200,015)	-	-	-	831,857
Funeral Benefit (Exempt and Taxable)	267,658,510	1,696,334	40,238,708	(22,493,590)	2,097,421	-	-	289,197,383
State Trustees (Exempt and Taxable)	22,500,254	28,045	309,058	(2,179,141)	77,228	-	-	20,735,444
Blue Chip Endowment	23,914,159	48,174	-	(2,602,249)	-	-	-	21,360,084
Total investment contracts	332,439,499	1,803,538	40,874,476	(30,477,922)	2,187,825	5,140	-	346,832,556
Insurance Contracts:								
Sickness and Accident	145,558	-	-	-	-	(10,799)	-	134,759
Accident	8,000	-	-	-	-	(1,000)	-	7,000
Funeral Transfer Fund	-	-	-	-	-	57,603	-	57,603
Sick and Funeral	32,337,398	489,333	-	-	467,260	(2,023,434)	-	31,270,557
Police Association	110,286	-	-	-	-	180,320	-	290,606
Death and Distress	63,712	-	-	-	-	(3,695)	-	60,017
Total insurance contracts	32,664,954	489,333	-	-	467,260	(1,801,005)	-	31,820,542
Total all contracts	365,104,453	2,292,871	40,874,476	(30,477,922)	2,655,085	(1,795,865)	-	378,653,098

Note 31. Statutory Benefit Funds Policy Liabilities (Continued)

As at 30 June 2020 \$								
Benefit Fund	Value of policy liabilities 1 July 2019	Allocation of surplus prior year	Liability component of contributions	Withdrawals (including interim bonuses)	Allocation of surplus current year	Member liability revaluation	Restructured benefit funds	Value of policy liabilities at the end of the year
Investment Contracts:								
Bonus Bond	1,793,031	7,096	81,105	(343,084)	-	-	-	1,538,148
Flexible Insurance	16,971,406	127,250	630,911	(1,884,757)	30,985	-	-	15,875,795
Education and Savings	1,292,771	4,645	70,643	(384,441)	-	-	-	983,618
Funeral Benefit (Exempt and Taxable)	243,906,176	2,714,660	42,542,124	(21,504,450)	1,696,334	-	-	269,354,844
State Trustees (Exempt and Taxable)	23,438,202	394,376	838,897	(2,171,221)	28,045	-	-	22,528,299
Blue Chip Endowment	27,230,393	177,673	31,000	(3,524,907)	48,174	-	-	23,962,333
Total investment contracts	314,631,979	3,425,700	44,194,680	(29,812,860)	1,803,538	-	-	334,243,037
Insurance Contracts:								
Sickness and Accident	155,984	-	-	-	-	(10,426)	-	145,558
Accident	8,000	-	-	-	-	-	-	8,000
Sick and Funeral	30,072,280	607,286	-	-	489,333	1,657,832	-	32,826,731
Police Association	-	-	-	-	-	110,286	-	110,286
Death and Distress	80,933	-	-	-	-	(17,221)	-	63,712
Total insurance contracts	30,317,197	607,286	-	-	489,333	1,740,471	-	33,154,287
Total all contracts	344,949,176	4,032,986	44,494,680	(29,812,860)	2,292,871	1,740,471	-	367,397,324

Note 32. Statutory Benefit Fund Capital Adequacy

For the Period Ended 30 June 2021 \$

Benefit Fund	Gross assets	Policy liabilities	Other liabilities	Net assets	Regulatory adjustments	Capital base	Asset risk charge	Insurance risk charge	Aggregation benefit	Operational risk charge	Combined stress test	Discretionary component of liabilities	Amount to comply with \$10M	Total prescribed capital	Capital surplus (deficiency)	Capital adequacy coverage
Investment Contracts:																
Bonus Bond	1,485,051	1,474,142	1,535	9,374	-	-	-	-	-	-	-	-	-	-	-	0%
Flexible Insurance	13,349,391	13,233,646	13,959	101,785	-	-	-	-	-	-	-	-	-	-	-	0%
Education and Savings	836,206	831,857	554	3,795	-	-	-	-	-	-	-	-	-	-	-	0%
Funeral Benefit (Exempt and Taxable)	291,796,223	289,197,383	684,946	1,913,894	-	-	-	-	-	-	-	-	-	-	-	0%
State Trustees (Exempt and Taxable)	20,914,836	20,735,444	25,289	154,103	-	-	-	-	-	-	-	-	-	-	-	0%
Blue Chip Endowment	21,519,733	21,360,084	16,663	142,986	-	-	-	-	-	-	-	-	-	-	-	0%
Total investment contracts	349,901,440	346,832,557	742,946	2,325,937	-	-	-	-	-	-	-	-	-	-	-	
Insurance Contracts:																
Sickness and Accident	264,181	134,759	2,776	126,646	115,387	242,034	1,027	59,817	(813)	-	1,760	-	-	61,791	180,243	292%
Accident	539,299	7,000	1,316	530,983	-	530,983	768	240,350	(613)	-	939	-	-	241,444	289,539	120%
Funeral Transfer Fund	132,910	57,603	75,177	130	12,480	87,610	2,801	13,813	(1,981)	-	-	-	-	14,633	72,977	499%
Sick and Funeral	33,248,736	31,270,557	43,410	1,934,768	-	1,934,768	2,158,321	798,092	(510,127)	-	75,018	(2,521,304)	500,000	-	1,434,768	287%
Police Association	3,314,084	290,606	430,505	2,592,973	-	2,592,973	396,175	977,251	(247,887)	-	-	-	-	1,125,539	1,467,434	130%
Death and Distress	393,497	60,017	2,469	331,012	-	331,011	2,804	51,299	(2,170)	-	-	-	-	51,933	279,078	537%
Total insurance contracts	37,892,707	31,820,542	555,653	5,516,512	127,867	5,719,379	2,561,896	2,140,622	(763,591)	-	77,717	(2,521,304)	500,000	1,495,340	3,724,039	-
Management Fund	18,664,355	-	2,772,658	15,891,697	3,638,782	12,252,915	32,474	1,797,000	(25,698)	999,268	-	-	5,201,616	2,803,044	9,449,871	337%
Total Society	406,458,502	378,653,099	4,071,257	23,734,146	3,766,649	17,972,294	2,594,370	3,937,622	(789,289)	999,268	77,717	(2,521,304)	5,701,616	4,298,384	13,173,910	306%

Note 32. Statutory Benefit Fund Capital Adequacy (Continued)

For the Period Ended 30 June 2020 \$

Benefit Fund	Gross assets	Policy liabilities	Other liabilities	Net assets	Regulatory adjustments	Capital base	Asset risk charge	Insurance risk charge	Aggregation benefit	Operational risk charge	Combined stress test	Discretionary component of liabilities	Amount to comply with \$TOM	Total prescribed capital	Capital surplus (deficiency)	Capital adequacy coverage
Investment Contracts:																
Bonus Bond	1,552,929	1,538,148	3,850	10,931	-	-	-	-	-	-	-	-	-	-	-	0%
Flexible Insurance	16,028,930	15,875,795	21,800	131,335	-	-	-	-	-	-	-	-	-	-	-	0%
Education and Savings	991,927	983,618	1,883	6,426	-	-	-	-	-	-	-	-	-	-	-	0%
Funeral Benefit (Exempt and Taxable)	272,132,920	269,354,844	689,633	2,088,443	-	-	-	-	-	-	-	-	-	-	-	0%
State Trustees (Exempt and Taxable)	22,755,501	22,528,299	30,272	196,930	-	-	-	-	-	-	-	-	-	-	-	0%
Blue Chip Endowment	24,168,642	23,962,333	33,005	173,304	-	-	-	-	-	-	-	-	-	-	-	0%
Total investment contracts	337,630,849	334,243,037	780,443	2,607,369	-	-	-	-	-	-	-	-	-	-	-	
Insurance Contracts:																
Sickness and Accident	362,208	145,558	124,352	92,298	140,915	233,213	554	26,160	(437)	-	-	-	-	26,276	206,937	887%
Accident	633,418	8,000	101,507	523,911	-	523,911	902	239,937	(720)	-	-	-	-	240,119	283,793	218%
Sick and Funeral	37,891,230	32,826,731	2,633,246	2,431,253	-	2,431,253	744,267	384,199	(225,182)	-	517,655	(1,420,938)	-	-	2,431,253	0%
Police Association	3,227,110	110,286	438,528	2,678,296	-	2,678,296	367,404	1,578,489	(255,156)	-	-	-	-	1,690,737	987,559	158%
Death and Distress	392,465	63,712	321	328,432	-	328,432	2,260	56,194	(1,764)	-	-	-	-	56,689	271,743	579%
Total insurance contracts	42,506,431	33,154,287	3,297,954	6,054,190	140,915	6,195,105	1,115,387	2,284,979	(483,259)	-	517,655	(1,420,938)	-	2,013,821	4,181,285	-
Management Fund	19,274,719	-	3,600,023	15,674,696	(3,866,424)	11,808,272	16,594	1,537,000	(13,189)	969,894	-	-	5,745,880	2,510,299	9,297,972	190%
Total Society	399,405,949	367,397,324	7,672,370	24,336,255	(3,725,509)	18,003,377	1,131,981	3,821,979	(496,448)	969,894	517,655	(1,420,938)	5,745,880	4,524,120	13,479,257	145%

Note 33. Trustee

Foresters Financial Limited is a Trustee of trust funds under pre-paid funeral contracts within the meaning of Part IV of the *Funeral Funds Act 1979* (NSW).

Foresters is exempt from the registration requirements of Section 35 and the requirement to report to Fair Trading NSW under the *Funeral Funds Act 1979* (NSW).

As required by law and the trust deeds, funds held in trust are required to be held separately from those of the company.

Notwithstanding this, the assets and liabilities of the trusts have been disclosed in the company's financial statements as required by Australian Accounting Standards (refer Note 13).

Directors' Declaration

In the Directors' opinion:

- The attached financial statements and notes thereto comply with the *Corporations Act 2001*, applicable Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- The attached financial statements and notes there to comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- The attached financial statements and notes there to give a true and fair view of Foresters' financial position for as at 30 June 2021 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that Foresters will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors:



Caroline Banhidy
Chair
Melbourne, 27 September 2021



David Heath
Director
Melbourne, 27 September 2021

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INDEPENDENT AUDITOR'S REPORT To the Members of Foresters Financial Limited

Opinion

We have audited the financial report of Foresters Financial Limited ("the company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and 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 Foresters Financial Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2021; but does not include the financial report and the Independent Auditor's Report thereon.

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.

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 ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

K J DUNDON
Partner

Dated: 29 September 2021
Melbourne, Victoria

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CONSULTING ACTUARIES

Appointed Actuary's Statement

I have undertaken actuarial valuations in respect of each of the Benefits Funds of the Foresters Financial Limited (the Society) as at 30 June 2021 in accordance with the Life Insurance Act 1995 (the Act). In my opinion:

- (a) the value of the policy liabilities of the Society and the capital adequacy of the Society have been determined using methods and assumptions consistent with the prudential standards;
- (b) the allocation and distribution of the surplus of the approved Benefit Funds have been made in accordance with Division 5 and 6 of Part 4 of the Act and the rules of each Benefit Fund, and
- (c) proper records have been kept by the Society in respect of each approved Benefit Fund from which its value of benefit entitlements and capital adequacy have been able to be properly determined.

The actuarial valuations of the Benefit Funds have been undertaken in accordance with the following methodologies and assumptions:

1. **Defined Contribution Funds (Excluding Funeral Bond Funds)**

The liability has been taken to be the sum of the members' account balances for the non-funeral Defined Contribution Funds.

2. **Defined Benefit Funds and Funeral Bond Funds**

For the Defined Benefit Funds (other than the MU Accident Fund) and the Funeral Bond Funds, the liability is equal to the present value of future benefits, expenses and profits less the present value of future contributions, determined by applying the following assumptions:

- (a) mortality according to 80% of Australian Life Tables 2015-2017 for the IOR Sick and Funeral Fund, 110% for State Trustees Fund Taxable and State Trustees Fund Exempt, 120% for Funeral Benefit Fund Taxable, 90% for Funeral Benefit Fund Exempt, 50% for Victoria Police Benefit Fund and Death and Distress Fund members, 80% for Victoria Police Benefit Fund and Death and Distress Fund spouses;
- (b) sickness benefits of 15% of contributions for the Victoria Police Benefit Fund;

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- (c) resignation rates based on the experience for the Death and Distress, Sickness and Accident and Victoria Police Benefit Funds;
- (d) distress payments of 10% of contributions for the Death and Distress Fund;
- (e) future profits for the Sickness and Accident Fund of 70% of sickness benefits for Group Sickness and 28% of claims for the Funeral Transfer Fund, and
- (f) other assumptions as detailed below:

<u>Fund</u>	<u>Gross Interest</u> % pa	<u>Expenses</u> %pa	<u>Tax</u> %pa	<u>Future Bonus Rate</u> %pa
Death and Distress	1.21	2.00	-0.24	0.00
Sickness and Accident	1.69	0.00	0.51	0.00
Victoria Police Benefit	2.79	0.00	0.84	0.00
Funeral Transfer	2.21	0.13	0.62	0.00
IOR Sick and Funeral	2.38	1.50	0.00	1.75
Funeral Benefit Exempt	1.86	1.50	0.00	0.36
Funeral Benefit Taxable	1.98	1.50	0.14	0.34
State Trustees Exempt	1.72	1.50	0.00	0.22
State Trustees Taxable	1.87	0.50	0.41	0.50

The following funds have charges levied on contributions: Death and Distress, Sickness and Accident, Victoria Police Benefit and MU Accident.


For the MU Accident Fund, the liability has been taken as 30% of one year's premium (net of fees).

Bruce A Watson

B A Watson
Fellow of the Institute of Actuaries of Australia

Brett & Watson Pty Ltd
Consulting Actuaries

27 September 2021



Foresters Financial Limited is a registered company under the *Corporations Act 2001* (Cth).

The company is a public company limited by shares and guarantee.
Registered Business Name: Foresters Financial

Registered office and principal place of business is:
Level 4, 417 St Kilda Rd
Melbourne VIC 3004

ABN 27 087 648 842
Australian Financial Services License No. 241421



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