

Annual Report 2022





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About Foresters Financial

Foresters Financial has been invested in your financial future for over 170 years. As a proud member-owned responsible investor, we offer tax effective investment solutions and believe that financial performance should not come at the cost of our communities.

By investing to support environmental, social and governance (ESG) issues, Foresters are contributing to building a better future.

Foresters has over \$370 million in funds under management and over 86,000 members Australia-wide.

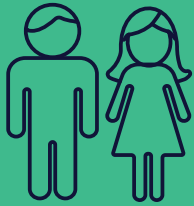
Our Purpose

Foresters exists to provide financial peace of mind for our members and their families.





Key Highlights



86,000+
Members



\$373m
in Funds Under
Management



\$44.5m
of inflows to
funeral bonds



\$6.2m
inflows to funeral
market-linked products
launched in FY22



\$27.2m
in redemptions to
funeral policy holders



\$4m
in redemptions to
investment bond
policy holders



\$2.5m
distributed as bonuses
to policy holders



Chair's Report



On behalf of the Board, I am delighted to introduce this year's Annual Report as I reach the 12-month mark as the Chair of Foresters Financial.

The Board has enjoyed the opportunity to finally meet face-to-face following two years of online meetings. With our responsibility for shaping the long-term strategic vision of Foresters, it is imperative that we understand the future risks and opportunities so we can support a resilient business model going forward.

With a clear mandate for change, we appointed Emma Sakellaris to lead the charge and lend her considerable expertise and experience in the mutual space to the position of Chief Executive Officer (CEO) in December 2021. Within a very short period, Emma has made her indelible mark on the business with strong leadership and a shared vision for the business. With the support of the Board, Emma and the new Executive Leadership Team continue to transform Foresters into a contemporary and agile financial services company; always mindful that we are custodians of Foresters' 173-year legacy and charged with stewarding our members' funds.

The Board is highly committed to a purposeful and sustainable future and remains vigilant in its oversight of the roadmap to reach our forward-looking state. With the interests of members, both current and future always top of mind, Foresters has committed to further investment in our information technology infrastructure; product development systems and processes; and building new relationship channels through the recruitment of high calibre, subject matter experts. Like all financial institutions in an increasingly complex and regulated industry, we understand the need to build scale to remain commercial in the long term. As such, we have

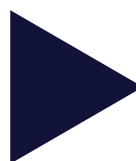
budgeted for ongoing investment over the next three years, which will be reflected in our bottom line in the short term.

With the increase in interest rates and our shift to market-linked bonds, combined with our focus on growing funds under management in both new and existing markets, we expect any leverage of capital to be short lived. Consistent with the investment in operations, our governance and risk management framework, systems and processes have been further enhanced by the appointment of a full time Chief Risk Officer and a Company Secretary. We continue to closely monitor our investments in partnership with Foresters' Appointed Actuary, noting the impact of ongoing market volatility and the geopolitical landscape. This year's unrealised loss on funds under management is expected to unwind over the coming years as investments mature.

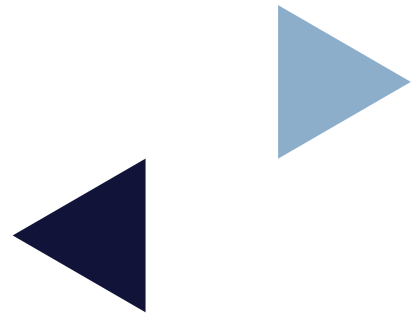
The Board remains confident in our strategic direction and the exceptional talent in place to deliver. We commend the Foresters' Team for embracing the drive to operational excellence and the strategic ambitions underpinning our transformation.

I look forward to the coming 12 months and writing my Chair's Report next year outlining our many achievements.

Caroline Banhidy
Chair



Chief Executive Officer's Report



I am delighted to present our Annual Report for FY22. Despite another challenging year locally and globally, and an extended period of disruption to the lives of all Australians, Foresters Financial has implemented initiatives to further enhance our capability and offerings to our members. Foresters exists to provide financial peace of mind for our members and their families and will continue to do so across many generations to come.

Several high calibre professionals have joined us over the period, as we work with the Board to continue the legacy of our business, as a contemporary and sustainable financial services company. Our strong sense of purpose, member and community focus remain core pillars of our organisation.

Foresters has committed to investment in our people and our information technology assets and capability. We will continue to enhance all our digital assets, to ensure our products and services are highly accessible across all communities.

Investment markets continue to be volatile due to a range of variables, such as inflationary pressures; interest rates rising; global uncertainty; ongoing impacts to supply chains and the pandemic moving across its third year. Despite the RBA continuing to lift the cash rate, we acknowledge the limitations of the capital guaranteed investment options to provide sustainable returns over time. Furthermore, in an environment of rapidly rising inflation, the value of cash will not keep up with the increased price of goods and services.

As such, Foresters understand the continued importance of investment diversification, in line with member needs, objectives and risk appetite. During 2021 we launched our market-linked investment offering, which included a range of investment

options across fixed income and equities assets. A range of market-listed options are now available across all funeral and investment bond products, which are managed by our investment manager JBWere.

Continuing the Foresters' legacy, including supporting our members, fostering communities, and paving the way for a better future, is incredibly important to our Board and our business. We have recognised that being a responsible investor is key to ensuring the legacy continues and I am extremely proud that we have implemented a Responsible Investment Philosophy and 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 established to give back to our communities. We will continue to donate a portion of our management fee to this fund to enable the granting of funds to Australian charities directly supporting dignified burials for homeless people in our communities.

Whilst our capital guaranteed products still experience the effects of a period of record low interest rates, 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 pandemic, we did see a recovery in fund inflows in the latter half of the year with some record monthly highs. Funds under management are \$373m. Our strong capital position means we remain well placed for any future market volatility.

During the year our team members have continued to demonstrate tremendous resilience and an ongoing focus on our members in everything we do.

As a lifetime investing business, Foresters Financial's core purpose remains the financial wellbeing and peace of mind of our members across their lifetimes, and generations to follow across many, many years to come.

Emma Sakellaris
Chief Executive Officer

Governance



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: Investment Committee (Chair); Audit and Compliance Committee

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, Law Institute of Victoria



Andrew Baxter

BBus(Mktg), FAMI CPM, FAICD

Board member since July 2020

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

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, Bird Dog, Hypetap, Nettlefold, Sydney Symphony Orchestra, OzHarvest, Queens Fund, 24HR Business Plan



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

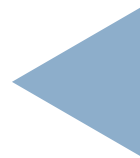
BCom, CA, MBA, FAICD

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 YPO Sydney Australis Gold Chapter Chair.

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



Annual Financial Report for the year ended 30 June 2022



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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 2022.

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

Chief Executive Officer

Emma Sakellaris
BEd, Dip of Fin Planning, Master Ind&Emp Law, MBA/LLM (CommLaw), GAICD

Company Secretary

Amanda Giannakis

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

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; and
- Endowment and sickness products.

Objectives

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

- Developing new relationships in the Funeral Business and enhancing existing ones to grow market share;
- Enhancing our Investment and Education Bond offerings and building our Financial Adviser and Wealth Management partnerships;
- Delivery of an Information Technology transformation to provide a renewed member experience; and
- Increasing our community focus and further developing our Responsible Investment philosophies and practices.

Enhancing our Investment and Education Bond offerings will result in the company being well positioned to achieve its long-term growth objectives. Building relationships with Financial Advisers will provide investors intergenerational wealth management opportunities.

Foresters actively manages its Investment Portfolio including receiving timely and expert advice. Investment decisions are made in accordance with our Responsible Investment Policy which, in addition to being socially responsible, aims to provide strong investment returns over the long term.

Foresters continues to focus on the wellbeing of our members and the communities in which we exist. We do this by not only seeking to provide financial well-being, but by also providing assistance to those less fortunate or in their time of need via community grants.

Strategy for Achieving Objectives

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

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

Performance Measurement

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

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.

The Board assesses performance against strategic and operating objectives throughout the year including the monitoring of benchmarks agreed during the strategic and business planning processes.

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 2022 is shown on 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 Banhidy	9	9	17	15
David Heath	9	9	9	9
Michael Liu	9	9	9	9
Andrew Baxter	9	9	8	8
Andrew Smith	9	9	8	8

Review of Operations

	2022 \$	2021 \$
Foresters Financial		
Profit/(loss) after income tax (excluding distributions)	(13,437,986)	2,051,829
Profit/(loss) after income tax (including distributions)	(15,896,626)	(602,109)
Total assets	398,105,784	406,507,281
Increase/(decrease) in total assets	(8,401,498)	9,688,507
Funds under management	373,268,617	388,041,231
Management Fund		
Net assets	15,992,599	15,891,702
Profit/(loss) after income tax	192,021	213,187

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

In July 2022 the Investment Management and Custody Agreement with State Trustees Limited regarding the investments held by the State Trustees Funeral Benefit Fund was terminated.

Under the provisions of an Investment Management Agreement, the investments were transferred to the JBWere Limited during September 2022.

Coronavirus Pandemic

The coronavirus pandemic has not had a material impact on Foresters for the year ended 30 June 2022.

Travel restrictions did not have an adverse impact on servicing clients and sales of Foresters' largest product line, Funeral Bonds, were ahead of expectations.

Some insurance products may have been affected by an increase in sickness claims however this cannot be directly attributable to the coronavirus pandemic.

The bonus declarations for some benefit funds may have been affected by the transition from a low interest rate environment as rising yields have resulted in a revaluation of investment assets as at 30 June 2022.

As the investment portfolio is invested for the long term it is expected that any adverse movements in the valuation of assets during the reporting period will be recouped over time as investments near maturity.

Movements in asset valuation, including adverse movements expected to be recouped in the future, are required to be reported in after tax profit/(loss) for the reporting period.

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 bonuses be declared:

	2022	2021
Bonus Bond Fund No.1	0.30%	0.00%
Blue Chip Endowment Assurance Fund	0.00%	0.00%
Education and Savings Fund	0.30%	0.00%
Flexible Insurance Fund	0.40%	0.10%
Funeral Benefit Fund Exempt	0.35%	0.75%
Funeral Benefit Fund Taxable	0.35%	0.40%
Funeral Benefit Fund Taxable (Members post 1 February 2011)	0.70%	0.80%
State Trustees Funeral Benefit Fund Exempt	0.50%	1.25%
State Trustees Funeral Benefit Fund Taxable	0.35%	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 2022, Foresters had 86,790 members (2021: 85,764) with a total guarantee of \$86,790 (2021: \$85,764)

Auditor's Independence Declaration

The Auditor's Independence Declaration required under Section 307C of the *Corporations Act 2001* is attached at Page 15 and forms part of the Directors' Report.

Auditor

RSM Australia Partners was appointed to conduct an audit of the Annual Financial Report in accordance with the requirements of the *Corporations Act 2001*.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is provided at page 15.

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 Bahhidly
Chair

Melbourne, 26 September 2022



David Heath
Director

Melbourne, 26 September 2022

**RSM Australia Partners**

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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 2022, 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.

RSM AUSTRALIA PARTNERS

KRISTIE DUNDON
Partner
Melbourne, Victoria

26 September 2022

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 2022

	Note	2022 \$	2021 \$
Revenue			
Insurance premiums received	4	1,647,335	1,652,385
Fees and commissions	4	38,148	44,416
Net investment income	4	(21,566,307)	6,580,118
Total revenue		(19,880,824)	8,276,919
Expenses			
Ordinary expenses	5	(242,940)	6,096,115
Distributions to policyholders		2,458,640	2,653,938
Total expenses		2,215,700	8,750,053
Profit / (loss) before income tax		(22,096,524)	(473,134)
Income tax expense / (benefit)	6	(6,199,898)	128,975
Profit / (loss) after income tax		(15,896,626)	(602,109)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(15,896,626)	(602,109)

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 2022

	Note	2022 \$	2021 \$
Assets			
Cash and cash equivalents	7	48,979,883	74,193,074
Trade and other receivables	8	351,899	304,219
Investments	9	337,343,009	327,153,178
Current tax asset		1,136,784	267,732
Right of use asset	10	702,577	966,043
Property, plant and equipment		142,911	97,371
Deferred tax asset	11	9,121,902	3,023,737
Intangibles	12	326,819	501,928
Total assets		398,105,784	406,507,282
Liabilities			
Trade and other payables	13	2,872,672	2,753,318
Other provisions	14	258,036	341,428
Lease liabilities	10	780,050	1,025,292
Members' policy liabilities	15	386,357,506	378,653,098
Total liabilities		390,268,264	382,773,136
Net assets		7,837,520	23,734,146
Equity			
Retained earnings		7,837,520	23,734,146
Total equity		7,837,520	23,734,146

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 2022

	Note	2022 \$	2021 \$
Total equity at the beginning of the year		23,734,146	24,336,255
Total comprehensive income / (loss) for the year		(15,896,626)	(602,109)
Transfers from benefit funds		(300,000)	(400,000)
Transfers to the management fund		300,000	400,000
Total equity at the end of the year		7,837,520	23,734,146

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 2022

	Note	2022 \$	2021 \$
Cash flow from operating activities			
Premiums and contributions received		46,145,687	42,523,135
Interest on investments received		7,228,194	9,160,386
Dividends and distributions received		510,706	423,448
Payments for operating expenses		637,160	(6,498,008)
Lease payments - interest		(43,433)	(54,460)
Claims and benefits paid		(39,473,394)	(32,272,640)
Income tax (refunds)/paid		(767,319)	253,712
Net cash (used) / provided by operating activities		14,237,601	13,535,573
Cash flows from investing activities			
Payment for non-current assets		(141,006)	(232,419)
Net sales / (purchases) of investments		(39,064,544)	11,054,005
Net cash (used) / provided by investing activities		(39,205,550)	10,821,586
Cash flows from financing activities			
Lease payments - principal		(245,242)	(221,756)
Net cash (used) / provided by financing activities		(245,242)	(221,756)
Cash and cash equivalents at the beginning of the year			
		74,193,074	50,057,671
Net increase / (decrease) in cash held		(25,213,191)	24,135,403
Cash and cash equivalents at the end of the year	7	48,979,883	74,193,074
Reconciliation of net cash provided / (used) by operating activities			
Operating (loss) / profit after income tax		(15,896,626)	(602,109)
Depreciation and amortisation		270,575	295,717
Unrealised (gains) / loss on the fair value of assets		28,874,713	2,563,303
Changes in operating assets and liabilities			
Decrease / (increase) in receivables		(47,680)	95,785
Decrease / (increase) in current tax assets		(869,052)	181,263
Decrease / (increase) in deferred tax assets		(6,098,165)	226,225
(Decrease) / increase in creditors		119,354	24,364
Decrease / (increase) in lease assets		263,466	263,466
(Decrease) / increase in policy liabilities		7,704,408	11,255,774
(Decrease) / increase in deferred tax liabilities		-	(24,801)
(Decrease) / increase in provisions		(83,392)	(743,414)
Net cash (used) / provided by operating activities		14,237,601	13,535,573

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 an unlisted public company registered 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 26 September 2022.

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.

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

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

The Appointed Actuary provides an Actuarial Valuation Report and Financial Condition Report the results of which are considered by the Board and utilised to value the policy liabilities at the reporting date.

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 at 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 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 are considered to pose a 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.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

F. Fair value hierarchy (Continued)

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 back.

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 expected to be settled.
- Income tax expense is the tax payable on the current period's taxable income, adjusted for movements in deferred tax assets and deferred tax liabilities and any under or over provision in prior years. Deferred tax 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 movements in 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 with accounting gains and losses from these arrangements.

In accordance with taxation of financial arrangements legislation, Foresters has previously made an irrevocable 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 or loss in accordance with applicable accounting standards, are considered 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

Note 2. Summary of Significant Accounting Policies (Continued)

L. Property, plant and equipment (Continued)

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 or 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 derecognition 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.

If applicable, 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 or loss.

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 and 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 on a pre-tax basis.

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

Note 2. Summary of Significant Accounting Policies (Continued)

R. Employee entitlements (Continued)

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 15)

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 AASB 1038 *Insurance Contracts*.

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% (2021: 80%) for the Sick and Funeral Fund, 110% (2021: 110%) for State Trustees Funds Taxable, 110% (2021: 110%) for the State Trustees Fund Exempt, 120% (2021: 120%) for Funeral Benefit Fund Taxable, 120% (2021: 90%) for Funeral Transfer Fund, 90% (2021: 90%) for Funeral Benefit Fund Exempt, 40% (2021: 50%) for the Police Association (Victoria) Benefit Fund and Death and Distress Fund members and 70% (2021: 80%) for the Police Association (Victoria) Benefit Fund and Death and Distress Fund spouses;
- Sickness benefits of 20% (2021: 15%) of contributions for the Police Association (Victoria) Benefit Fund;
- Distress payments of 10% (2021: 10%) of contributions for the Death and Distress Fund;
- Future profits for the Sickness and Accident Fund of 0% (2021: 70%) of sickness benefits for Group Sickness;
- Future profits for the Funeral Transfer Fund of 11% (2021: 28%);
- Resignation rates based on the experience for the Death and Distress and Sickness and Accident Funds and the Police Association (Victoria) Benefit Fund; and
- Other assumptions as detailed in the table below:

Fund	Gross Interest		Expenses		Tax		Future Bonus Rates	
	2022	2021	2022	2021	2022	2021	2022	2021
Sick and Funeral	3.88%	2.38%	1.50%	1.50%	0.00%	0.00%	1.75%	1.75%
Death and Distress	3.71%	1.21%	2.00%	2.00%	0.51%	(0.24)%	0.00%	0.00%
Sickness and Accident	0.00%	1.69%	0.00%	0.00%	0.00%	0.51%	0.00%	0.00%
Police Association (Victoria)	4.08%	2.79%	0.00%	0.00%	1.22%	0.84%	0.00%	0.00%
Funeral Benefit Exempt	4.02%	1.86%	1.50%	1.50%	0.00%	0.00%	1.88%	0.36%
Funeral Benefit Taxable	4.05%	1.98%	1.20%	1.50%	0.86%	0.14%	1.42%	0.34%
Funeral Transfer Fund	3.90%	2.21%	1.80%	0.13%	0.63%	0.62%	0.00%	0.00%
State Trustees Funeral Exempt	3.99%	1.72%	1.50%	1.50%	0.00%	0.00%	2.66%	0.22%
State Trustees Funeral Taxable	4.03%	1.87%	1.50%	0.50%	0.76%	0.41%	1.55%	0.50%

Note 2. Summary of Significant Accounting Policies (Continued)

S. Life insurance contracts (continued)

ii. Insurance contracts (continued)

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

For the Sickness and Accident and Accident Funds, the liability is based on the proposed termination arrangement for these funds (refer Note 24).

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 policy liabilities of the Police Association (Victoria) Benefit Fund have been revalued to \$266,209 (2021: \$290,606). The assumed cost of sickness benefits is 20% (2021: 15%).

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

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 in addition to management fees.

iv. Investment contracts (refer Note 15)

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 or loss.

v. 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 Institute of Actuaries of Australia Professional Standard 202 Actuarial Valuations for Life Insurance Companies.

Brett and Watson Pty Ltd provide expertise in actuarial services with experience in general insurance, friendly societies and general consulting and prepared 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.

All assets held within benefit funds are assets backing policy liabilities are measured at fair value through profit or 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 or 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*

Note 2. Summary of Significant Accounting Policies (Continued)

V. Policyholders entitlement to monies held in benefit funds (Continued)

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.

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 2022 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 financial statements
AASB 17 <i>Insurance Contracts</i>	<p>AASB 17 <i>Insurance Contracts</i> incorporates IFRS 17 <i>Insurance Contracts</i> as issued and amended by the International Accounting Standards Board (IASB) and 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> and provides an accounting model for insurance contracts that is more useful and consistent for insurers and the users of financial statements.</p>	1 January 2023	1 July 2023	<p>Foresters has received advice that it does not carry any material insurance contracts bearing significant insurance risk.</p> <p>On this basis, AASB17 does not to apply to the Financial Statements.</p> <p>The advice received does not however preclude the application of AASB 17 in the future.</p> <p>Foresters' product development strategies are considered unlikely to result in the application of AASB17.</p>
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 <i>Practice Statement 2 Making Materiality Judgements.</i> 	1 January 2023	1 July 2023	<p>The impact on the financial statements is expected to be a reduction in accounting policy disclosures.</p> <p>The amendments will operate to:</p> <ul style="list-style-type: none"> - clarify information regarding measurement bases for financial instruments material to an entity's financial statements; - require entities to disclose material accounting policies rather than significant accounting policies; - distinguish changes in accounting policies and changes in accounting estimates; - disclose material accounting policies as a component of a set of financial statements and; - provide guidance on the application of materiality to accounting policy disclosures.

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 financial statements
<i>Definition of Accounting Estimates - Amendments to IAS 8</i>	The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, the correction of errors as well as measurement techniques and inputs used to develop accounting estimates.	1 January 2023	1 July 2023	The impact on the financial statements is expected to be immaterial but disclose changes as resulting from changes in estimates, changes in policies or errors.
<i>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</i>	<p>The amendments aim to allow for accounting policy disclosures that are more useful by:</p> <p>Replacing the requirement to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and</p> <p>Providing guidance on the concept of materiality in decisions regarding accounting policy disclosures.</p>	1 January 2023	1 July 2023	The impact on the financial statements is expected to be a reduction in accounting policy disclosures.

	2022 \$	2021 \$
Note 4. Revenue		
Insurance Premiums Received		
The Police Association (Victoria) Benefit Fund	1,439,896	1,427,202
Sickness and Accident Fund	68,532	78,748
Accident Fund	30,694	36,214
Death and Distress Fund	20,120	22,483
Funeral Transfer Fund	66,120	58,320
Sick and Funeral Fund	21,973	29,418
Total insurance premiums received	1,647,335	1,652,385
Fees and Commissions		
Fees received	37,772	43,606
Commissions received	376	810
Total fees and commissions	38,148	44,416
Investment Income		
Interest on investments	6,524,780	8,809,464
Dividends and distribution income	558,872	427,553
Changes in the fair value of securities	(28,209,447)	(2,256,797)
Less: direct investment expense	(440,512)	(400,102)
Total investment income	(21,566,307)	6,580,118
Note 5. Ordinary Expenses		
Employee benefits	3,189,794	2,764,979
Operating expenses	1,517,467	1,523,608
Sales and marketing	600,806	734,350
Occupancy	23,123	13,821
Depreciation and amortisation	270,575	295,717
Lease - deprecation charge	263,466	263,466
Lease - interest charge	43,433	54,460
VPA members counselling	390,500	383,166
Claims paid to policyholders	1,814,599	1,858,412
Changes in policy liabilities	(8,356,703)	(1,795,864)
Total ordinary expenses	(242,940)	6,096,115

	2022 \$	2021 \$
Note 6. Income Tax Expense		
Income tax recognised in profit or loss:		
Current tax provision	(103,855)	(75,876)
Deferred Tax	(6,098,211)	206,858
Over (under) provision prior year	2,168	(2,007)
Total income tax (benefit)	(6,199,898)	128,975
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	(22,096,524)	(473,134)
Prima facie tax on profit (loss) for the period at 30% (2021: 30%)	(6,628,958)	(141,940)
Add (deduct) tax effect of:		
Non-deductible distributions	737,592	796,181
Net non-assessable income	(1,823,868)	(1,691,407)
Non-deductible expenses	(64,687)	41,336
Other income and allowable deductions	1,681,710	1,202,896
Over (under) provision of tax	2,168	(2,007)
Franking credit rebate	(103,855)	(76,084)
Income tax expense	(6,199,898)	128,975
Note 7. Cash and Cash Equivalents		
Cash management accounts	2,185,794	1,944,698
Deposit at call accounts	46,794,089	72,248,376
Total cash and cash equivalents	48,979,883	74,193,074
Note 8. Trade and Other Receivables		
Prepaid expenses	84,372	80,656
Sundry receivables	267,527	223,563
Total trade and other receivables	351,899	304,219
Note 9. Investments		
Investment in interest bearing securities	307,262,977	296,160,151
Investment in ASX listed securities	10,404,849	8,894,647
Investment in managed funds	19,675,183	22,098,380
Total investments	337,343,009	327,153,178

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	2022 \$ Market Observable Level 2	Non-Market Observable Level 3	Quoted Market Price Level 1	2021 \$ Market Observable Level 2	Non-Market Observable Level 3
Investment in interest bearing securities	307,262,977	-	-	296,160,151	-	-
Investments in ASX listed securities	10,404,849	-	-	8,894,647	-	-
Investment in managed funds	-	19,675,183	-	-	22,098,380	-
Total investments	317,667,826	19,675,183	-	305,054,798	22,098,380	-

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 2021.

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:

Statement of Financial Position

Category	Disclosure	2022 \$	2021 \$
Right of use asset	Right of use asset	1,317,331	1,317,331
Accumulated depreciation	Right of use asset	(614,754)	(351,288)
	Right of use asset	702,577	966,043
Lease liability	Lease liabilities	780,050	1,025,292

Statement of Profit or Loss and Other Comprehensive Income

Category	Disclosure	2022 \$	2021 \$
Depreciation charge	Ordinary expenses	263,466	263,466
Interest expense	Ordinary expenses	43,433	54,460

Note 10. Right of Use Asset (Continued)

Statement of Cash Flows

Category	Disclosure	2022 \$	2021 \$
Lease payments	Lease payments - principal	245,242	221,756
Lease interest	Lease payments - interest	43,433	54,460

The company has the following lease commitments with respect to the right of use asset:

Lease payments	2022 \$	2021 \$
No later than one year	301,631	288,675
Later than one year but no later than five years	531,321	832,952
Total - Lease Payments	832,952	1,121,627

	2022 \$	2021 \$
Note 11. Deferred Tax Asset		
The balance comprises temporary differences attributable to:		
Tax losses carried forward	8,836,219	2,720,643
Employee entitlements	75,521	100,538
Accrued expenses	214,225	154,557
Directors' retirement allowance	1,890	1,890
Property, plant and equipment	(5,953)	46,109
Total deferred tax asset	9,121,902	3,023,737

Note 12. Intangible Assets

Work in progress	44,348	2,223
Management rights	-	2,500,000
Less: Accumulated Amortisation	-	(2,500,000)
Intangible assets	906,554	897,749
Less: Accumulated Amortisation	(624,083)	(397,774)
Total intangible assets	326,819	501,928
Movements in carrying amounts		
Balance at the beginning of the year	501,928	550,391
Additions	51,200	196,381
Amortisation expense	(226,309)	(244,844)
Total intangible assets	326,819	501,928

	2022 \$	2021 \$
Note 13. Trade and Other Payables		
Suppliers and creditors	1,092,695	826,586
Accrued general expenses	720,785	694,708
Funeral Trusts (refer Note 32)	1,059,192	1,232,024
Total trade and other payables	2,872,672	2,753,318
Note 14. Other Provisions		
Annual leave	164,498	154,594
Long service leave	87,238	180,534
Directors' retirement allowance	6,300	6,300
Total other provisions	258,036	341,428
Note 15. Members' Policy Liabilities		
Investment contracts:		
Bonus Bond Fund	1,389,004	1,474,142
Flexible Insurance Fund	12,065,984	13,233,648
Education and Savings Fund	643,804	831,858
Funeral Benefit Fund	309,939,993	289,197,382
State Trustees Funeral Fund (Exempt and Taxable)	18,873,741	20,735,443
Blue Chip Endowment Assurance Fund	19,163,179	21,360,083
Total investment contracts	362,075,705	346,832,556
Insurance contracts:		
Sickness and Accident Fund	29,000	134,759
Sick and Funeral Fund	23,819,626	31,270,556
The Police Association (Victoria) Benefit Fund	266,209	290,606
Death and Distress Fund	11,547	60,017
Funeral Transfer Fund	118,419	57,603
Accident Fund	37,000	7,000
Total insurance contracts	24,281,801	31,820,541
Total members' policy liabilities	386,357,506	378,653,097

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.

	2022 \$	2021 \$
	Market Observable Level 2	Market Observable Level 2
Investment contract policy liabilities	362,075,705	346,832,556
Insurance contract policy liabilities	24,281,801	31,820,541
Total members' policy liabilities	386,357,506	378,653,097

Note 16. 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 10.00% (2021: 9.50%) for the year totalled \$196,631 (2021: \$182,138).

	2022 \$	2021 \$
Note 17. Auditor's Remuneration		
Total of all remuneration received or due and receivable by the auditor in connection with:		
Audit of financial statements	146,000	138,000
Other professional review services	22,900	35,350
Total auditor's remuneration	168,900	173,350
Note 18. Actuary's Remuneration		
Total of all remuneration received or due and receivable by the actuary in connection with:		
Actuary's statutory functions	112,500	132,500
Other services	37,490	23,555
Total actuary's remuneration	149,990	156,055

Note 19. Directors and Key Management Personnel

Directors during the reporting period	Compensation	2022 \$	2021 \$
Caroline Banhidy - Chair			
David Heath - Director	Short term employee benefits	892,387	825,519
Michael Liu - Director			
Andrew Baxter - Director	Post employment benefits	-	761,740
Andrew Smith - Director			
	Other long term benefits	-	6,512
Key Management Personnel	Total compensation	892,387	1,593,771
Emma Sakellaris - Chief Executive Officer (From December 2021)			
Caroline Banhidy - Interim Chief Executive Officer (September to November 2021)			
Craig Bell - Chief Executive Officer (July to September 2021)			

Note 20. 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 21. Subsequent Events

In July 2022 the Investment Management and Custody Agreement with State Trustees Limited regarding the investments held by the State Trustees Funeral Benefit Fund was terminated.

Under the provisions of an Investment Management Agreement the investments were transferred to the JBWere Limited during September 2022.

Note 22. Commitments for Expenditure

The company has no commitments for expenditure as at 30 June 2022 other than the lease of 4/417 St Kilda Rd, Melbourne, VIC, 3004 as disclosed at Note 10.

Note 23. 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 2022.

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 24. Fund Terminations and Restructures

During the reporting period APRA approved the following restructure and terminations of benefit funds.

The Education and Savings Fund and Blue Chip Endowment Assurance Fund will be restructured to the Flexible Insurance (Capital Guaranteed) Fund.

The Accident Fund, Sickness and Accident Fund and Bonus Bond Fund are to be terminated.

Having obtained APRA approval, the company intends on giving effect to the restructure and terminations in 2022/23.

Note 25. 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' Board retains responsibility for the investments and delegates responsibility for monitoring investment activity to the Investment Committee.

The Investment Committee aims to ensure that financial risks are appropriately managed in accordance with the guidelines for each benefit fund by making decisions on asset allocations either under delegation or for endorsement of the Board as is considered appropriate.

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.

Note 25. Financial Risk Management (Continued)

B. Financial risks (Continued)

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 recommended 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 determined 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 direct 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 26. Sensitivity Analysis

A. Interest Rate Risk

Foresters investments are subject to risks associated with financial assets (Refer Note 25).

For the purpose of the analysing interest rate risk, the effect of a 1.50% interest rate increase or decrease (2021: 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 1.50% movement in interest rates is as follows:

Category	2022 \$		2021 \$	
	Net Profit/(Loss)	Net Assets	Net Profit/(Loss)	Net Assets
Adjusted by +1.5% increase	(26,705,469)	3,228,575	(1,953,935)	22,253,345
Net Profit / (Loss) before income tax	(22,096,524)	-	(473,134)	-
Net Assets	-	7,837,520	-	23,734,146
Adjusted by -1.5% decrease	(17,487,579)	12,446,465	1,007,667	25,214,947

B. Price Risk

For the purposes of the analysing price risk, the effect of a 10.00% increase or decrease (2021: 10.00%) in equity prices on profit / (loss) before income tax and net assets is shown in the table below.

Category	2022 \$		2021 \$	
	Net Profit/(Loss)	Net Assets	Net Profit/(Loss)	Net Assets
Adjusted by +10% increase	(19,088,521)	10,845,523	2,626,169	26,833,449
Net Profit / (Loss) before income tax	(22,096,524)	-	(473,134)	-
Net Assets	-	7,837,520	-	23,734,146
Adjusted by -10% decrease	(25,104,527)	4,829,517	(3,572,437)	20,634,843

Note 27. 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 2022 \$				Weighted average interest rates	As at 30 June 2021 \$				Weighted average interest rates
	1 year or less	Over 1 year to 5 years	Over 5 years	Total		1 year or less	Over 1 year to 5 years	Over 5 years	Total	
Assets:										
<i>Financial assets:</i>										
Cash and cash equivalents	48,979,883	-	-	48,979,883	0.73%	74,193,074	-	-	74,193,074	0.05%
Trade and other receivables	267,527	-	-	267,527	Nil	223,563	-	-	223,563	Nil
Other financial assets	78,495,714	212,462,312	46,384,983	337,343,009	1.54%	103,305,514	150,554,475	73,293,189	327,153,178	2.35%
<i>Non-financial assets:</i>										
Prepaid expenses	84,372	-	-	84,372	Nil	80,656	-	-	80,656	Nil
Plant and equipment	142,911	-	-	142,911	Nil	97,371	-	-	97,371	Nil
Leased Asset Office	702,577	-	-	702,577	4.85%	966,043	-	-	966,043	4.85%
Current income tax and deferred tax	1,136,784	9,121,902	-	10,258,686		267,732	3,023,737	-	3,291,469	
Intangible and other assets	326,819	-	-	326,819	Nil	501,928	-	-	501,928	Nil
Total assets	130,136,587	221,584,214	46,384,983	398,105,784		179,635,881	153,578,212	73,293,189	406,507,282	
Liabilities:										
<i>Financial liabilities:</i>										
Trade and other payables	2,872,672	-	-	2,872,672	Nil	2,753,318	-	-	2,753,318	Nil
<i>Non-financial liabilities:</i>										
Policy liabilities	33,240,468	-	353,117,038	386,357,506	Nil	36,899,729	-	341,753,369	378,653,098	Nil
Income tax payable and deferred tax	-	-	-	-	Nil	-	-	-	-	Nil
Lease liability	270,374	509,676	-	780,050	4.85%	245,243	780,049	-	1,025,292	4.85%
Other liabilities	258,036	-	-	258,036	Nil	341,428	-	-	341,428	Nil
Total liabilities	36,641,550	509,676	353,117,038	390,268,264		40,239,718	780,049	341,753,369	382,773,136	
Net assets	93,495,037	221,074,538	(306,732,055)	7,837,520		139,396,163	152,798,163	(268,460,180)	23,734,146	

Note 28. Statutory Benefit Fund Income and Expenses

Benefit Fund	For the Period Ended 30 June 2022 \$														
	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 / (deficit)
								Interim	Final						
Investment Contracts:															
Bonus Bond	(82)	8,435	-	(8,435)	-	-	-	-	(4,130)	(4,212)	-	(4,212)	9,374	-	5,162
Flexible Insurance	14,059	-	-	(33,252)	-	12,022	(67)	-	(47,653)	(54,891)	4,312	(50,579)	101,777	-	51,198
Education and Savings	(1,042)	4,170	-	(3,332)	-	-	-	-	(1,932)	(2,136)	663	(1,473)	3,796	-	2,323
Funeral Benefit (Exempt and Taxable)	(15,501,769)	-	-	(4,399,808)	-	392,702	(420,256)	(60)	(1,917,329)	(21,846,520)	5,933,785	(15,912,735)	1,913,896	-	(13,998,839)
State Trustees (Exempt and Taxable)	(12,629)	-	-	(160,317)	-	-	(96,999)	-	(74,298)	(344,243)	34,229	(310,014)	154,103	-	(155,911)
Blue Chip Endowment	17,247	-	-	(50,783)	(29,800)	-	-	-	-	(63,336)	(5,439)	(68,775)	142,985	-	74,210
Total investment contracts	(15,484,216)	12,605		(4,655,927)	(29,800)	404,724	(517,322)	(60)	(2,045,342)	(22,315,338)	5,967,550	(16,347,788)	2,325,931	-	(14,021,857)
Insurance Contracts:															
Sickness and Accident	(1,544)	68,532	-	(19,386)	(23,650)	105,759	-	-	-	129,711	(1,961)	127,750	126,646	-	254,396
Accident	(219)	30,694	-	(13,812)	-	(30,000)	(3,589)	-	-	(16,926)	(6,681)	(23,607)	530,983	-	507,375
Funeral Transfer	(1,598)	66,120	-	(2,590)	-	(60,816)	-	-	-	1,116	(1,246)	(130)	130	-	-
Sick and Funeral	(5,981,269)	22,516	-	(471,074)	(636,991)	7,864,169	-	-	(413,238)	384,113	-	384,113	1,934,768	-	2,318,881
Police Association	(96,624)	1,439,896	-	(431,969)	(614,173)	24,397	-	-	-	321,526	(198,623)	122,903	2,592,973	(300,000)	2,415,876
Death and Distress	9	20,120	-	(14,048)	-	48,470	-	-	-	54,551	(15,316)	39,235	331,011	-	370,246
Total insurance contracts	(6,081,245)	1,647,878	-	(952,879)	(1,274,814)	7,951,979	(3,589)	-	(413,238)	874,091	(223,827)	650,264	5,516,511	(300,000)	5,866,774
Total all contracts	(21,565,461)	1,660,483	-	(5,608,806)	(1,304,614)	8,356,703	(520,911)	(60)	(2,458,580)	(21,441,247)	5,743,723	(15,697,524)	7,842,442	(300,000)	(8,155,083)

Note 28. Statutory Benefit Fund Income and Expenses (Continued)

Benefit Fund	For the Period Ended 30 June 2021 \$														
	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 / (deficit)
								Interim	Final						
Investment Contracts:															
Bonus Bond	7,397	12,002	-	(20,956)	-	-	-	-	-	(1,557)	-	(1,557)	10,931	-	9,374
Flexible Insurance	109,035	-	-	(110,455)	-	(5,141)	(652)	-	(13,176)	(20,389)	(9,170)	(29,559)	131,335	-	101,776
Education and Savings	3,500	4,920	-	(8,851)	-	-	-	-	-	(431)	(2,199)	(2,630)	6,426	-	3,796
Funeral Benefit (Exempt and Taxable)	6,616,663	-	-	(3,941,196)	-	-	(370,634)	(97)	(2,097,421)	207,315	(381,862)	(174,547)	2,088,443	-	1,913,896
State Trustees (Exempt and Taxable)	419,671	-	-	(305,095)	-	-	(91,855)	-	(77,228)	(54,507)	11,680	(42,827)	196,930	-	154,103
Blue Chip Endowment	186,936	-	-	(170,001)	(32,425)	-	-	1,245	-	(14,245)	(16,073)	(30,318)	173,303	-	142,985
Total investment contracts	7,343,202	16,922	-	(4,556,554)	(32,425)	(5,141)	(463,141)	1,148	(2,187,825)	116,186	(397,624)	(281,438)	2,607,368	-	2,325,930
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	-	-	(467,260)	(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	-	(13,384)	(10,000)	3,695	-	-	-	6,037	(3,458)	2,579	328,432	-	331,011
Total insurance contracts	(805,251)	1,652,386	-	(863,145)	(1,362,736)	1,801,005	(5,491)	1,148	(467,260)	(50,492)	(87,188)	(137,680)	6,054,191	(400,000)	5,516,511
Total all contracts	6,537,951	1,669,308	-	(5,419,699)	(1,395,161)	1,795,864	(468,632)	1,148	(2,655,085)	65,694	(484,812)	(419,118)	8,661,559	(400,000)	7,842,441

Note 29. Statutory Benefit Fund Assets, Liabilities And Unallocated Surplus

For the Period Ended 30 June 2022 \$

Benefit Fund	Cash and cash equivalents	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	1,394,805	-	-	-	-	1,394,805	-	639	1,389,004	1,389,643	5,162
Flexible Insurance	8,426,032	6,854	3,690,190	-	-	12,123,076	2,550	3,338	12,065,989	12,071,877	51,199
Education and Savings	648,333	716	-	-	-	649,049	2,050	872	643,804	646,726	2,323
Funeral Benefit (Exempt and Taxable)	15,697,235	5,967,668	274,573,380	-	-	296,238,283	(569,187)	866,319	309,939,990	310,237,122	(13,998,839)
State Trustees (Exempt and Taxable)	53,407	25,002	18,615,990	-	-	18,694,399	(40,343)	16,913	18,873,740	18,850,310	(155,911)
Blue Chip Endowment	15,255,431	-	3,995,740	-	-	19,251,171	9,285	4,499	19,163,177	19,176,961	74,210
Total investment contracts	41,475,243	6,000,240	300,875,300	-	-	348,350,783	(595,645)	892,580	362,075,704	362,372,639	(14,021,856)
Insurance Contracts:											
Sickness and Accident	281,938	8,355	-	-	-	290,293	4,167	2,730	29,000	35,897	254,396
Accident	60,790	-	500,115	-	-	560,905	15,640	890	37,000	53,530	507,375
Funeral Transfer Fund	94,895	-	100,023	-	-	194,918	1,225	75,274	118,419	194,918	-
Sick and Funeral	423,244	256	25,757,373	-	-	26,180,873	-	42,365	23,819,627	23,861,991	2,318,881
Police Association	993,096	-	2,305,659	-	-	3,298,755	264,556	352,115	266,209	882,880	2,415,875
Death and Distress	251,120	-	149,821	-	-	400,941	18,425	723	11,547	30,695	370,246
Total insurance contracts	2,105,083	8,611	28,812,991	-	-	30,926,685	304,013	474,097	24,281,802	25,059,911	5,866,774
Total all contracts	43,580,326	6,008,851	329,688,291	-	-	379,277,468	(291,632)	1,366,677	386,357,506	387,432,550	(8,155,083)

Note 29. Statutory Benefit Fund Assets, Liabilities And Unallocated Surplus (Continued)

For the Period Ended 30 June 2021 \$

Benefit Fund	Cash and cash equivalents	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	13,233,655	13,254,362	101,776
Education and Savings	838,312	-	-	-	-	838,312	2,106	554	831,856	834,516	3,796
Funeral Benefit (Exempt and Taxable)	39,013,521	49,613	252,943,008	-	-	292,006,142	209,919	684,946	289,197,381	290,092,246	1,913,896
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	21,360,085	21,387,998	142,985
Total investment contracts	58,200,790	49,613	291,862,566	-	-	350,112,969	211,530	742,946	346,832,563	347,787,039	2,325,930
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	-	31,671,971	-	-	33,248,737	-	43,410	31,270,559	31,313,969	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	331,011
Total insurance contracts	4,985,442	-	32,992,434	-	-	37,977,876	85,167	555,653	31,820,544	32,461,364	5,516,511
Total all contracts	63,186,232	49,613	324,855,000	-	-	388,090,845	296,697	1,298,599	378,653,107	380,248,403	7,842,441

Note 30. Statutory Benefit Funds Policy Liabilities

For the Period Ended 30 June 2022 \$

Benefit Fund	Value of policy liabilities 1 July 2021	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	1,474,142	-	53,016	(142,284)	4,130	-	-	1,389,004
Flexible Insurance	13,220,472	13,176	161,642	(1,364,942)	47,653	(12,016)	-	12,065,985
Education and Savings	831,856	-	50,591	(240,576)	1,932	-	-	643,805
Funeral Benefit (Exempt and Taxable)	287,099,960	2,097,421	44,430,770	(25,605,487)	1,917,329	-	-	309,939,994
State Trustees (Exempt and Taxable)	20,658,216	77,228	23,144	(1,959,144)	74,298	-	-	18,873,741
Blue Chip Endowment	21,360,085	-	-	(2,196,907)	-	-	-	19,163,176
Total investment contracts	344,644,731	2,187,825	44,719,163	(31,509,340)	2,045,342	(12,016)	-	362,075,705
Insurance Contracts:								
Sickness and Accident	134,759	-	-	-	-	(105,759)	-	29,000
Accident	7,000	-	-	-	-	30,000	-	37,000
Funeral Transfer Fund	57,603	-	-	-	-	60,816	-	118,419
Sick and Funeral	30,803,297	467,260	-	-	413,238	(7,864,169)	-	23,189,626
Police Association	290,606	-	-	-	-	(24,397)	-	266,209
Death and Distress	60,017	-	-	-	-	(48,470)	-	11,547
Total insurance contracts	31,353,282	467,260	-	-	413,238	(7,951,979)	-	24,281,801
Total all contracts	375,998,013	2,655,085	44,719,163	(31,509,340)	2,458,580	(7,963,995)	-	386,357,506

Note 30. Statutory Benefit Funds Policy Liabilities (Continued)

For the Period Ended 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	-	13,233,648
Education and Savings	983,618	-	48,254	(200,015)	-	-	-	831,858
Funeral Benefit (Exempt and Taxable)	267,658,510	1,696,334	40,238,708	(22,493,590)	2,097,421	-	-	289,197,382
State Trustees (Exempt and Taxable)	22,500,254	28,045	309,058	(2,179,141)	77,228	-	-	20,735,443
Blue Chip Endowment	23,914,159	48,174	-	(2,602,249)	-	-	-	21,360,083
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 Fund Capital Adequacy

For the Period Ended 30 June 2022 \$																
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	1,394,805	1,389,004	639	5,162	-	-	-	-	-	-	-	-	-	-	-	0%
Flexible Insurance	12,120,529	12,065,985	3,343	51,201	-	-	-	-	-	-	-	-	-	-	-	0%
Education and Savings	646,999	643,805	871	2,323	-	-	-	-	-	-	-	-	-	-	-	0%
Funeral Benefit	296,807,467	309,939,994	866,315	(13,998,842)	-	-	-	-	-	-	-	-	-	-	-	0%
State Trustees (Exempt and Taxable)	18,734,742	18,873,741	16,913	(155,912)	-	-	-	-	-	-	-	-	-	-	-	0%
Blue Chip Endowment	19,241,886	19,163,176	4,499	74,211	-	-	-	-	-	-	-	-	-	-	-	0%
Total investment contracts	348,946,428	362,075,705	892,580	(14,021,857)	-	-	-	-	-	-	-	-	-	-	-	
Insurance Contracts:																
Sickness and Accident	286,126	29,000	2,730	254,396	-	254,396	395	25,000	(313)	-	-	-	-	25,082	229,314	914%
Accident	545,265	37,000	890	507,375	-	507,375	1,122	240,000	(895)	-	-	-	-	240,227	267,148	111%
Funeral Transfer Fund	193,693	118,419	75,274	-	11,824	86,824	8,411	33,439	(5,775)	-	-	-	-	36,075	50,749	141%
Sick and Funeral	26,180,874	23,819,626	42,364	2,318,884	-	2,318,882	1,835,058	1,120,093	(621,866)	-	-	(2,333,285)	500,000	500,000	1,818,882	364%
Police Association	3,034,199	266,209	352,115	2,415,875	-	2,415,874	316,780	906,045	(204,948)	-	-	-	-	1,017,877	1,397,997	137%
Death and Distress	382,515	11,547	723	370,245	-	370,247	2,508	28,215	(1,901)	-	-	-	-	28,822	341,425	1185%
Total insurance contracts	30,622,672	24,281,801	474,096	5,866,775	11,824	5,953,598	2,164,274	2,352,792	(835,698)	-	-	(2,333,285)	500,000	1,848,083	4,105,515	
Management Fund	18,602,990	-	2,610,388	15,992,602	3,674,137	12,318,465	88,123	-	-	980,093	37,474	-	7,046,228	1,105,690	11,212,775	1,014%
Total Society	398,172,090	386,357,506	3,977,064	7,837,520	3,685,961	18,272,063	2,252,397	2,352,792	(835,698)	980,093	37,474	(2,333,285)	7,546,228	2,953,773	15,318,290	519%

Note 31. Statutory Benefit Fund Capital Adequacy (Continued)

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	13,233,655	13,959	101,777	-	-	-	-	-	-	-	-	-	-	-	0%
Education and Savings	836,206	831,856	554	3,796	-	-	-	-	-	-	-	-	-	-	-	0%
Funeral Benefit	291,796,223	289,197,381	684,946	1,913,896	-	-	-	-	-	-	-	-	-	-	-	0%
State Trustees (Exempt and Taxable)	20,914,836	20,735,444	25,289	154,103	-	-	-	-	-	-	-	-	-	-	-	0%
Blue Chip Endowment	21,519,733	21,360,085	16,663	142,985	-	-	-	-	-	-	-	-	-	-	-	0%
Total investment contracts	349,901,440	346,832,563	742,946	2,325,931	-	-	-	-	-	-	-	-	-	-	-	
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	33,248,738	31,270,559	43,410	1,934,768	-	1,934,768	2,158,321	798,092	(510,127)	-	75,018	(2,521,304)	500,000	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	331,011	-	331,011	2,804	51,299	(2,170)	-	-	-	-	51,933	279,078	537%
Total insurance contracts	37,892,709	31,820,544	555,653	5,516,511	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	18,664,360	-	2,772,658	15,891,702	3,638,787	12,252,915	32,474	1,797,000	(25,698)	999,268	-	-	5,201,616	2,803,044	9,449,871	337%
Total Society	406,458,509	378,653,107	4,071,257	23,734,144	3,766,654	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. Trustee

Foresters Financial Limited is a Trustee of Foresters Financial Funeral Funds Trust and The Andrew Kennedy Walters and Son Wood Coffill Group Funeral Fund, 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 thereto 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 give a true and fair view of Foresters' financial position as at 30 June 2022 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, 26 September 2022



David Heath
Director

Melbourne, 26 September 2022

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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 2022, 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 2022 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.

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 2022; 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.

THE POWER OF BEING UNDERSTOOD

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**Other Information (cont.)**

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.

A handwritten signature in black ink that reads 'Rsm'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'Kristie Dundon'.

KRISTIE DUNDON
Partner28 September 2022
Melbourne, Victoria

BRETT & WATSON PTY. LTD.
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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 2022 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 Sickness and Accident Fund and 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 and Funeral Transfer Fund, 90% for Funeral Benefit Fund Exempt, 40% for Victoria Police Benefit Fund and Death and Distress Fund members, 70% for Victoria Police Benefit Fund and Death and Distress Fund spouses;
- (b) sickness benefits of 20% of contributions for the Victoria Police Benefit Fund;

Deborah Jones FIAA - **Geoff Keen** FIAA - **Victor Tien** FIAA, CERA - **Bruce Watson** FIAA

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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) Funeral Transfer Fund assumptions of claim frequency of 10% of deaths, average claim size of \$940, claim inflation of 2.25% per annum and future profits of 11% of claims, and
- (f) other assumptions as detailed below:

<u>Fund</u>	<u>Gross</u> <u>Interest</u> % pa	<u>Expenses</u> %pa	<u>Tax</u> %pa	<u>Future</u> <u>Bonus</u> <u>Rate</u> %pa
Death and Distress	3.71	2.00	0.51	0.00
Victoria Police Benefit	4.08	0.00	1.22	0.00
Funeral Transfer	3.90	1.80	0.63	0.00
IOR Sick and Funeral	3.88	1.50	0.00	1.75
Funeral Benefit Exempt	4.02	1.50	0.00	1.88
Funeral Benefit Taxable	4.05	1.20	0.86	1.42
State Trustees Exempt	3.99	1.50	0.00	2.66
State Trustees Taxable	4.03	1.50	0.76	1.55

The following funds have charges levied on contributions: Death and Distress and Victoria Police Benefit Funds.

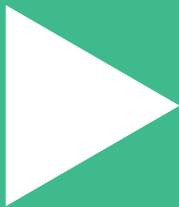
For the Sickness and Accident Fund and the MU Accident Fund, the liability has been based on the approved termination provisions.

Bruce A Watson

B A Watson
Fellow of the Institute of Actuaries of Australia

Brett & Watson Pty Ltd
Consulting Actuaries

26 September 2022



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:
4/417 St Kilda Rd
Melbourne VIC 3004

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



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