



Annual Report 2023

FORESTERS
FINANCIAL



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About Foresters Financial

For over 170 years, Foresters Financial has partnered with individuals, families and trusted advisers to safeguard generational wealth. As a proud member-owned friendly society, we share your ambition and commitment to grow, protect, and transfer wealth with confidence.

Our members can access our Sustainable Investment Option where environmental, social and governance (ESG) issues are considered by our Fund Manager when selecting underlying investment holdings.

Foresters has over \$387 million in funds under management and over 90,000 members Australia-wide.

Our Purpose

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



2023 Key Highlights



\$388m

in Funds Under
Management



\$9.3m

inflows to funeral
market-linked
products

**93,000+
Members**



\$3.1m

distributed as
bonuses to
policy holders



\$41.1m

of inflows to
funeral bonds

Chair's Report



I am pleased to present the Chair's Report for Foresters Financial (Foresters), as we reflect upon our accomplishments and strategic focus of the past year. The year 2023 has been marked by a drive for operational excellence, infrastructure building and a commitment to driving transformational change across our organisation.

Throughout 2023, we remained steadfast in our strategic focus, completing a significant operational transition to set the stage for our continued growth and evolution of Foresters' 174 year legacy.

While the economy faced ongoing cost inflation pressures, we judiciously managed our ongoing investment in the business, building both market resilience and driving expansion. Funds under management increased by \$14.7m driven both by investment performance and growth in Funeral Bonds, reflecting our commitment to providing innovative financial services to our partners.

Reflecting the directors' confidence in the strategic plan, we achieved our strongest profit performance since 2017 whilst increasing the Management Fund's net assets to over \$16m and strengthening our prudential capital position.

As well as actively pursuing partnership opportunities, we expanded our reach and presence in key markets and remain committed to our focus on building new networks. Whilst this growth comes at a cost in the early days, the board is committed to our vision over the long term. Without further investment, we cannot deliver our strategic objectives in the interests of members.

Our continued investments in digital technologies including the automation of back-end systems and processes has increased our operational efficiency, paving the way for enhanced customer experiences. Similarly, our new customer relationship management (CRM) system brings new insights to data to enhance our market position and further improve engagement.

We successfully completed a rebranding initiative that better aligns our corporate identity with our strategic objectives. This affords us the opportunity to deliver new products to a new cohort of investors and mature our influence in the investment bond segment.

We have significantly enhanced our Employee Value Proposition to attract and retain top talent. This includes the introduction of companywide training and development designed to enhance our employee capabilities and confidence.

Our new leadership team has embraced the challenge of change over the last 12 months, consolidating their previous work to deliver and implement our future focused strategy that positions Foresters for ongoing success.

Furthermore, we acknowledge the importance of sustainability and are taking steps to align our commitment. We are progressing our Corporate Social Responsibility (CSR) program to embrace our brand promise to empower prosperity and protect legacies.

We also recognise the changing landscape that businesses and boards are grappling with. In particular, we remain committed to bolstering our cyber resilience and addressing sustainability-related disclosures.

In conclusion, I would like to express my gratitude to our dedicated employees, valued partners and members for their continued support. As we move forward, Foresters remains committed to our strategic journey and maintains our excitement about the opportunities that lie ahead.

Caroline Banhidy
Chair

Chief Executive Officer's Report



I am delighted to present our Annual Report for FY23. Foresters Financial partners with individuals, families and trusted advisers, to empower prosperity and protect legacies. We provide innovative and sustainable fund management for every life stage, and across multiple generations, to support the growth, protection, and transfer of wealth. Our strong sense of purpose and member and community focus remain core pillars of our organisation.

During the year, significant resources were deployed to enable our transition to a diversified fund management business. This included the introduction of a Chief Investment Officer position to the business, bringing significant expertise and experience to our investment management capability; optimisation of our Funeral Business, including the establishment of new referral partnerships nationally; upgrades to our core operating systems, including the implementation of member experience and relationship management systems; and the completion of an exciting brand refresh.

Critical to our policyholder's experience with us has been the implementation of straight-through processing and a Customer Relationship Management (CRM) system. During the year our product offerings were also refreshed, making them accessible to a more diverse range of investors.

We continued to see interest rates increase both in Australia and across major developed market economies, as inflation also remained stubbornly high. Despite the burden of higher interest costs on consumers, the much-anticipated economic 'hard landing' did not materialise and corporate earnings have remained robust.

We have noted a broad spectrum of performance across financial markets throughout the year, with sovereign fixed interest and investment grade debt at the lower end of the return profile and Australian and International equities at the upper end. The strategic rationale behind our market-linked funeral bonds came into focus this year, with all four market-linked options significantly outperforming the Capital Guaranteed option.

Foresters maintains its strong focus on the wellbeing of our members, investors, policyholders, and the communities in which we operate. Providing assistance to vulnerable community members is an important component of this focus.

We continue to donate a portion of our management fee to our Community Grant Fund to enable the granting of funds to Australian charities. In addition to financial support, it was wonderful to come together as a team to fill Christmas hampers for the residents of the Sacred Heart Mission.

As a lifetime investing business, Foresters' core purpose remains the financial wellbeing and peace of mind of our members and investors across their lifetimes, and as wealth transitions across multiple generations into the future.

Emma Sakellaris
Chief Executive Officer

Board of Directors



Caroline Banhidy
BEC(Hons), MBA, GAIST, MAICD

Chair

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, wealth advisory and governance. She brings her experience as a consultant in strategy, performance improvement and stewardship to the Board.

Other Directorships: Bangay Capital, Institute of Financial Professionals Australia, Oxil Pty Ltd



Michael Liu
BCom, LLB(Hons)

Deputy Chair

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

Michael brings 30 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, Defence Health Limited



Andrew Baxter
BBus(Mktg), FAMI CPM, FAICD

Non-Executive Director 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

Board of Directors



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

Non-Executive Director

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

David has over 30 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 course leader at the University of Melbourne.

Other Directorships: Transport Accident Commission



Andrew Smith
BCom, CA, MBA, FAICD

Non-Executive Director 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 Financial Officer for Ramsay Health Care Australia. 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

Executive Team



Emma Sakellaris

BEd, Dip of Fin Planning, Master Ind&EmpLaw, MBA/LLM (CommLaw), GAICD

CEO

Emma was appointed in December 2021 to drive an ambitious strategic change program. Emma brings significant experience gained across executive management, human resources and change management, and relationship management.



Lyndon Wilson

BBus, CPA, GAICD

CFO

Lyndon has been with Foresters since 2017 and manages the finance function including finance and accounting operations, financial strategy, management reporting, budget and capital management, taxation, statutory and regulatory reporting.



Greg Hanigan

BCom, AdvDipFS (FP), Cert Gov(Prac), FGIA, GAICD

CRO

Greg joined in May 2022 and is responsible for the enterprise legal, risk and compliance program. Greg is a non-executive director of the Governance Institute of Australia.

Executive Team



Michael McQueen
BSc (Physics), GAICD

CIO

Michael was appointed in May 2023 and is responsible for developing, implementing and managing our investment strategy, as well as enhancing our Responsible Investment capability.



Amanda Giannakis

Company Secretary

Amanda joined in May 2022 and is primarily responsible for delivery of corporate governance and administration services. Amanda supports the executive team and also oversees brand and marketing.

Annual Financial Statements

Year ended 30 June 2023

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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 2023.

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*

Auditors

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

Appointed Actuary

Senthooran Nagarajan
Finity Consulting Pty Limited
Level 23, 55 Collins Street
Melbourne VIC 3000

Investment Advisor

JBWere Limited
Level 16, 101 Collins Street

PRINCIPAL ACTIVITIES

Foresters Financial (Foresters) principal activities during the reporting period included the development and launch of new products; the establishment of multi-year referral partner relationships; and the provision of benefits against claims made by members and investors, with respect to the following products:

- Investment bonds
- Funeral bonds
- Sickness and Accident product
- Life Insurance products

COMPANY OBJECTIVES

Our objective is to be acknowledged as one of the most highly regarded fund managers and provider of investment bonds, funeral products, and education bonds.

To achieve this, the Board of Directors (the Board) established a clear set of objectives for Foresters including:

- We remain highly committed to our Funeral Bond and Prepaid Business and complimentary growth in our Investment and Education bond business.
- Ongoing build of our national distribution channels, including diversified referral partnerships.
- We are committed to enhancement of our Information Technology platforms; and
- Continued community focus and Responsible Investment philosophies and practices.

Our commitment to further enhancing our investment offerings with a focus on select target audiences and relationships will enable the provision of intergenerational wealth opportunities for our investors. We will maintain our sharp focus on the Funeral pre-planning market across both Funeral and Non-Funeral Service Providers.

Foresters actively manages its Investment Portfolio utilising expert internal and external capability. Investment decisions are made in accordance with our Responsible Investment Policy.

Foresters maintains its strong focus on the wellbeing of our members, investors, policyholders, and the communities in which we operate. We seek to do this by providing products that empower financial wellbeing and also by providing assistance to vulnerable community members in their time of need via community grants or direct assistance.

STRATEGY FOR ACHIEVING OBJECTIVES

Prior to the commencement of each reporting period, the Board and executive 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.

MEASUREMENT OF OBJECTIVES

The Board and executive management have established a framework for the implementation, monitoring, and reporting of progress toward achievement of the company's 3-year strategic objectives.

The company's objectives provide the basis of the performance measurement framework for all staff, including executive management, and therefore align the business operations with the implementation of the strategic plan over the period.

The Board assesses progress toward the company's strategic and operating objectives regularly during the reporting period. Progress is measured against key milestones and relevant benchmarks agreed with executive management during the annual strategic and business planning phases.

MEETINGS OF DIRECTORS

The number of Board and Committee meetings held and attended by each Director during the year ended 30 June 2023 is shown in the below table:

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	10	10	16	16
David Heath	10	10	8	8
Michael Liu	10	10	9	9
Andrew Baxter	10	10	7	7
Andrew Smith	10	9	8	8

REVIEW OF OPERATIONS AND FINANCIALS

The success of our operations for the year ended 30 June 2023 is reflected by the following:

- Funds under management increased by \$14.7m or 4% driven by investment performance and product sales, particularly of Funeral Bonds.
- Profit after tax excluding distributions to policyholders of \$8.14m. The strongest profit performance since 2017.
- A 24% increase from the prior year in total distributions to policyholders to over \$3m.
- An increase in the net assets of the Management Fund to over \$16m.
- Growth in total and net assets reflecting the efficient use of capital whilst investing in sustainable improvements for existing and future members.

The key financial metrics for the year ended 30 June 2023 are as follows:

	2023 \$	2022 \$
Foresters Financial		
Total assets	410,589,460	398,105,784
Increase (decrease) in total assets	12,483,676	(8,401,498)
Funds under management	387,924,319	373,268,617
Profit (loss) after tax (excluding bonuses paid)	8,149,149	(13,437,986)
Profit (loss) after tax (including bonuses paid)	5,089,806	(15,896,626)
Management Fund		
Profit (loss) after tax	(1,299,097)	192,021
Net assets	16,263,259	15,992,599

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

The Education and Savings Fund and Blue-Chip Endowment Fund were restructured to the Flexible Insurance (Capital Guaranteed) Fund effective 1 January 2023.

The Accident Fund, Sickness and Accident Fund and Bonus Bond Fund No.1 were terminated effective 31 January 2023. The assets of these funds were distributed in accordance with their respective benefit fund rules and independent Actuarial advice.

BONUS DECLARATION

The Directors have resolved that the following bonus rates be paid for the year ended 30 June 2023:

	2023	2022
Bonus Bond Fund No.1*	N/A	0.30%
Blue Chip Endowment Assurance Fund**	N/A	0.00%
Education and Savings Fund**	N/A	0.30%
Flexible Insurance Fund	0.30%	0.40%
Funeral Benefit Fund Exempt	1.20%	0.35%
Funeral Benefit Fund Taxable (Pre 1 February 2011)	0.35%	0.35%
Funeral Benefit Fund Taxable (Post 1 February 2011)	0.75%	0.70%
State Trustees Funeral Benefit Fund Exempt	1.50%	0.50%
State Trustees Funeral Benefit Fund Taxable	1.00%	0.35%

*Terminated effective 31 January 2023.

**Restructured to the Flexible Insurance Fund effective 1 January 2023.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected or may significantly affect the company's operations, the results of those operations, or state of affairs in future financial years.

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.

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.

Surpluses derived are retained and utilised to operate the business in the interests of members and policyholders.

On behalf of the Directors:



Caroline Banhidy
Chair

Melbourne, 25 September 2023

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 2023, Foresters had 93,156 members (2022: 86,790) with a total guarantee of \$93,156 (2022: \$86,790).

During the reporting period, Foresters' constitution was amended by way of member vote to remove the voting rights of some benefit fund members, specifically those that had assigned a benefit entitlement to a funeral director.

The change to the constitution regarding voting rights does not impact the amount of capital that may be called upon from members in the event of winding up the company.

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*.



David Heath
Director

Melbourne, 25 September 2023

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 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink that reads "Rsm".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be "W Spargo".**WARWICK SPARGO**

Partner

25 September 2023

Melbourne, Victoria

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Insurance premiums received	4	1,561,629	1,647,335
Fees and commissions	4	28,854	38,148
Net investment income	4	15,437,639	(21,566,307)
Total revenue		17,028,122	(19,880,824)
Expenses			
Ordinary expenses	5	7,946,171	(242,940)
Distributions to policyholders		3,059,343	2,458,640
Total expenses		11,005,514	2,215,700
Profit / (loss) before income tax		6,022,608	(22,096,524)
Income tax expense / (benefit)	6	932,802	(6,199,898)
Profit / (loss) after income tax		5,089,806	(15,896,626)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		5,089,806	(15,896,626)

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 2023

	Note	2023 \$	2022 \$
Assets			
Cash and cash equivalents	7	47,590,661	48,979,883
Trade and other receivables	8	468,709	351,899
Investments	9	352,781,001	337,343,009
Current tax asset		866,903	1,136,784
Right of use asset	10	439,110	702,577
Property, plant and equipment		119,394	142,911
Deferred tax asset	11	8,080,919	9,121,902
Intangibles	12	242,763	326,819
Total assets		410,589,460	398,105,784
Liabilities			
Trade and other payables	13	3,467,056	2,872,672
Other provisions	14	169,110	258,036
Lease liabilities	10	509,676	780,050
Members' policy liabilities	15	393,516,292	386,357,506
Total liabilities		397,662,134	390,268,264
Net assets		12,927,326	7,837,520
Equity			
Retained earnings		12,927,326	7,837,520
Total equity		12,927,326	7,837,520

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 2023

	Note	2023 \$	2022 \$
Total equity at the beginning of the year		7,837,520	23,734,146
Total comprehensive income / (loss) for the year		5,089,806	(15,896,626)
Transfers from benefit funds		(1,570,836)	(300,000)
Transfers to the management fund		1,570,836	300,000
Total equity at the end of the year		12,927,326	7,837,520

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 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Premiums and contributions received		44,126,038	46,145,687
Interest on investments received		9,447,517	7,228,194
Dividends and distributions received		536,612	510,706
Payments for operating expenses		(7,483,438)	637,160
Lease payments – interest		(28,430)	(43,433)
Claims and benefits paid		(38,457,170)	(39,473,394)
Income tax (refunds)/paid		378,062	(767,319)
Net cash (used) / provided by operating activities		8,519,191	14,237,601
Cash flows from investing activities			
Payment for non-current assets		(105,911)	(141,006)
Net sales / (purchases) of investments		(9,529,302)	(39,064,544)
Net cash (used) / provided by investing activities		(9,635,213)	(39,205,550)
Cash flows from financing activities			
Lease payments - principal		(273,200)	(245,242)
Net cash (used) / provided by financing activities		(273,200)	(245,242)
Cash and cash equivalents at the beginning of the year		48,979,883	74,193,074
Net increase / (decrease) in cash held		(1,389,222)	(25,213,191)
Cash and cash equivalents at the end of the year	7	47,590,661	48,979,883
Reconciliation of net cash provided / (used) by operating activities			
Operating (loss) / profit after income tax		5,078,566	(15,896,626)
Depreciation and amortisation		213,484	270,575
Unrealised (gains) / loss on the fair value of assets		(5,908,690)	28,874,713
Changes in operating assets and liabilities			
Decrease / (increase) in receivables		(116,810)	(47,680)
Decrease / (increase) in current tax assets		269,881	(869,052)
Decrease / (increase) in deferred tax assets		1,040,983	(6,098,165)
(Decrease) / increase in creditors		594,384	119,354
Decrease / (increase) in lease assets		266,293	263,466
(Decrease) / increase in policy liabilities		7,170,026	7,704,408
(Decrease) / increase in provisions		(88,926)	(83,392)
Net cash (used) / provided by operating activities		8,519,191	14,237,601

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

NOTE 1. COMPANY INFORMATION

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

The registered business name of the company is Foresters Financial.

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

The company is limited by 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 25 September 2023.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**D. Significant judgements and key assumptions (continued)**

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**J. Income tax**

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

- The tax consequences of recovering all assets or settling liabilities are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that the future tax asset will be realised and;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the deferred asset or liability is settled.
- Income tax expense is the tax payable on the current periods' 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 and 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 benefits associated with the item will be realised and when the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method net of residual value over the estimated useful life of an asset. Residual asset values and useful lives are reviewed and adjusted as necessary at each balance date.

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

M. Intangible assets

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**M. Intangible assets (continued)**

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 and 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 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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% (2022: 80%) for the Sick and Funeral Fund, 110% (2022: 110%) for State Trustees Funds Taxable, 110% (2022: 110%) for the State Trustees Fund Exempt, 130% (2022: 120%) for Funeral Benefit Fund Taxable, 120% (2022: 120%) for Funeral Transfer Fund, 90% (2022: 90%) for Funeral Benefit Fund Exempt, 40% (2022: 40%) for the Police Association (Victoria) Benefit Fund and Death and Distress Fund members and 70% (2022: 70%) for the Police Association (Victoria) Benefit Fund and Death and Distress Fund spouses;
- Sickness benefits of 20% (2022: 20%) of contributions for the Police Association (Victoria) Benefit Fund;
- Distress payments of 10% (2022: 10%) of contributions for the Death and Distress Fund;
- Future profits for the Sickness and Accident Fund of 0% (2022: 0%) of sickness benefits for Group Sickness;
- Future profits for the Funeral Transfer Fund of 11% (2022: 11%);
- 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	
	2023	2022	2023	2022	2023	2022	2023	2022
Sick and Funeral	4.33%	3.88%	1.50%	1.50%	0.00%	0.00%	1.75%	1.75%
Death and Distress	5.00%	3.71%	2.00%	2.00%	0.90%	0.51%	0.00%	0.00%
Sickness and Accident	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Police Association (Victoria)	4.51%	4.08%	0.00%	0.00%	1.35%	1.22%	0.00%	0.00%
Funeral Benefit Exempt	4.52%	4.02%	1.50%	1.50%	0.00%	0.00%	2.69%	1.88%
Funeral Benefit Taxable	4.52%	4.05%	1.20%	1.20%	1.00%	0.86%	1.99%	1.42%
Funeral Transfer Fund	4.35%	3.90%	1.80%	1.80%	0.77%	0.63%	0.00%	0.00%
State Trustees Funeral Exempt	4.50%	3.99%	1.50%	1.50%	0.00%	0.00%	3.27%	2.66%
State Trustees Funeral Taxable	4.52%	4.03%	1.50%	1.50%	0.91%	0.76%	1.92%	1.55%

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 25).

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 \$158,494 (2022: \$266,209). The assumed cost of sickness benefits is 20% (2022: 20%).

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 and 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.

Finity Consulting 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and loss.

U. Distribution of surpluses of the benefit funds

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

V. Policyholders entitlement to monies held in benefit funds

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

W. Revenue

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

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

X. Changes in accounting policies

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

Y. Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of the related expense. The GST portion relating to financial supplies and non-deductible expenditure, for which an input tax credit cannot be claimed is expensed.

Z. Right of use assets and lease liabilities

i. Right of use assets

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

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

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

ii. Lease liabilities

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Z. Right of use assets and lease liabilities (continued)****ii. Lease liabilities (continued)**

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 2023 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 the financial statements
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.</i>	<p>The standard amends a number of accounting standards as follows;</p> <ul style="list-style-type: none"> - AASB 7 <i>Financial Instruments: Disclosures</i> - AASB 101 <i>Presentation of Financial Statements</i> - AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> - AASB 134 <i>Interim Financial Reporting</i> - AASB <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.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current</i>	<p>This narrow-scope amendment to AASB 101 <i>Presentation of Financial Statements</i> clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of a liability.</p> <p>For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.</p>	1 January 2023	1 July 2023	<p>The impact on the financial statements is expected to be immaterial. Foresters does not typically have a right to defer settlement of it's liabilities.</p>

NOTE 3. NEW ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (CONTINUED)

AASB 17 <i>Insurance Contracts</i>	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. 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.	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 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.	1 January 2023	1 July 2023	As noted above this is not expected to impact Forester's reporting.
Amendment to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction	<p>The IASB issued a target amendment to IAS 12 (which is the base text of AASB 112) to further narrow down the scope of the recognition exemption in relation to the accounting for deferred taxes arising on transactions for which companies recognise both an asset and liability at the same time (for example, lease liabilities and right-of-use assets).</p> <p>The amendment specifies that companies are required to recognise deferred tax on such transactions, and that the DTA and DTL arising should not be offset unless the usual conditions for offsetting are met.</p> <p>It is expected that the AASB would issue the equivalent amendments to AASB 112.</p>	1 January 2023	1 July 2023	The impact on the financial statements is expected to be a reduction in accounting policy disclosures.

NOTE 4. REVENUE**Insurance Premiums Received**

	2023 \$	2022 \$
The Police Association (Victoria) Benefit Fund	1,415,816	1,439,896
Sickness and Accident Fund	33,897	68,532
Accident Fund	18,027	30,694
Death and Distress Fund	12,455	20,120
Funeral Transfer Fund	59,160	66,120
Sick and Funeral Fund	22,274	21,973
Total insurance premiums received	1,561,629	1,647,335

Fees and Commissions

Fees received	28,854	37,772
Commissions received	-	376
Total fees and commissions	28,854	38,148

Investment Income

Interest on investments	11,198,944	6,524,780
Dividends and distribution income	505,197	558,872
Changes in the fair value of securities	4,128,409	(28,209,447)
Less: direct investment expense	(394,911)	(440,512)
Total investment income	15,437,639	(21,566,307)

NOTE 5. ORDINARY EXPENSES

Employee benefits	3,597,840	3,189,794
Operating expenses	2,723,844	1,517,467
Sales and marketing	1,018,404	600,806
Occupancy	27,396	23,123
Depreciation and amortisation	213,484	270,575
Lease depreciation charge	266,293	263,466
Lease interest charge	28,430	43,433
VPA members counselling	390,500	390,500
Claims paid to policyholders	1,926,717	1,814,599
Changes in policy liabilities	(2,246,737)	(8,356,703)
Total ordinary expenses	7,946,171	(242,940)

	2023 \$	2022 \$
NOTE 6. INCOME TAX EXPENSE		
Income tax recognised in profit or loss:		
Current tax provision	(102,395)	(103,855)
Deferred Tax	1,422,488	(6,098,211)
(Over) / under provision prior year	(387,291)	2,168
Total income tax expense/ (benefit)	932,802	(6,199,898)

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	6,022,608	(22,096,524)
Prima facie tax on profit (loss) for the period at 30% (2022: 30%)	1,806,782	(6,628,958)
Add (deduct) tax effect of:		
Non-deductible distributions	917,803	737,592
Net non-assessable income	(2,189,345)	(1,823,868)
Non-deductible expenses	67,091	(64,687)
Other income and allowable deductions	820,157	1,681,710
(Over)/ under provision of tax	(387,291)	2,168
Franking credit rebate	(102,395)	(103,855)
Income tax expense	932,802	(6,199,898)

NOTE 7. CASH AND CASH EQUIVALENTS

Cash management accounts	2,116,491	2,185,794
Deposit at call accounts	45,474,170	46,794,089
Total cash and cash equivalents	47,590,661	48,979,883

NOTE 8. TRADE AND OTHER RECEIVABLES

Prepaid expenses	168,117	84,372
Sundry receivables	300,592	267,527
Total trade and other receivables	468,709	351,899

NOTE 9. INVESTMENTS

Investment in interest bearing securities	340,185,912	307,262,977
Investment in ASX listed securities	3,422,554	10,404,849
Investment in managed funds	9,172,535	19,675,183
Total investments	352,781,001	337,343,009

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.

	2023 \$			2022 \$		
	Quoted Market Price Level 1	Market Observable Level 2	Non-Market Observable Level 3	Quoted Market Price Level 1	Market Observable Level 2	Non-Market Observable Level 3
Investment in interest bearing securities	340,185,912	-	-	307,262,977	-	-
Investments in ASX listed securities	3,422,554	-	-	10,404,849	-	-
Investment in managed funds	-	9,172,535	-	-	19,675,183	-
Total investments	343,608,466	9,172,535	-	317,667,826	19,675,183	-

NOTE 10. RIGHT OF USE ASSET

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

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

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

Balance Sheet

Category	Disclosure	2023 \$	2022 \$
Right of use asset	Leased asset	1,317,331	1,317,331
Accumulated depreciation	Leased asset	(878,221)	(614,754)
	Leased asset	439,110	702,577
Lease liability	Lease liabilities	509,676	780,050

Statement of Profit or Loss and Other Comprehensive Income

Category	Disclosure	2023 \$	2022 \$
Depreciation charge	Ordinary expenses	266,293	263,466
Interest expense	Ordinary expenses	28,430	43,433

Statement of Cash Flows

Category	Disclosure	2023 \$	2022 \$
Lease payments	Lease payments - principal	273,200	245,242
Lease interest	Lease payments - interest	28,430	43,433

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

Lease payments	2023 \$	2022 \$
No later than one year	315,105	301,631
Later than one year but no later than five years	216,216	531,321
Total – Lease Payments	531,321	832,952

2023
\$2022
\$**NOTE 11. DEFERRED TAX ASSET**

The balance comprises temporary differences attributable to:

Tax losses carried forward	7,709,740	8,836,219
Employee entitlements	50,733	77,411
Accrued expenses	349,341	214,225
Property, plant and equipment	(28,895)	(5,953)
Total deferred tax asset	8,080,919	9,121,902

NOTE 12. INTANGIBLE ASSETS

Work in progress	83,770	44,348
Intangible assets	928,394	906,554
Less: Accumulated Amortisation	(769,401)	(624,083)
Total intangible assets	242,763	326,819
Movements in carrying amounts		
Balance at the beginning of the year	326,819	501,928
Additions	65,153	51,200
Amortisation expense	(149,209)	(226,309)
Total intangible assets	242,763	326,819

NOTE 13. TRADE AND OTHER PAYABLES

Suppliers and creditors	1,202,794	1,092,695
Accrued general expenses	1,253,661	720,785
Funeral Trusts (refer Note 32)	1,010,601	1,059,192
Total trade and other payables	3,467,056	2,872,672

NOTE 14. OTHER PROVISIONS

	2023 \$	2022 \$
Annual leave	118,730	164,498
Long service leave	44,080	87,238
Allowances	6,300	6,300
Total other provisions	169,110	258,036

NOTE 15. MEMBERS' POLICY LIABILITIES

Investment contracts:

Bonus Bond Fund*	-	1,389,004
Flexible Insurance Fund	30,198,838	12,065,984
Education and Savings Fund**	-	643,804
Funeral Benefit Fund	324,881,584	309,939,993
State Trustees Funeral Fund (Exempt and Taxable)	17,367,674	18,873,741
Blue Chip Endowment Assurance Fund**	-	19,163,179
Total investment contracts	372,448,096	362,075,705

Insurance contracts:

Sickness and Accident Fund***	15,000	29,000
Sick and Funeral Fund	21,908,267	23,819,626
The Police Association (Victoria) Benefit Fund	158,494	266,209
Death and Distress Fund	11,896	11,547
Funeral Transfer Fund	167,706	118,419
Accident Fund***	5,000	37,000
Total insurance contracts	22,266,363	24,281,801

Interfund investment elimination

	(1,198,167)	-
Total members' policy liabilities	393,516,292	386,357,506

*Terminated effective 31 January 2023.

**Restructured to the Flexible Insurance Fund effective 1 January 2023.

***Terminated effective 31 January 2023. Provision for late claims.

NOTE 15. MEMBERS' POLICY LIABILITIES (CONTINUED)

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.

	2023 \$	2022 \$
	Market Observable Level 2	Market Observable Level 2
Investment contract policy liabilities	372,448,096	362,075,705
Insurance contract policy liabilities	22,266,363	24,281,801
Interfund investment elimination	(1,198,167)	-
	393,516,292	386,357,506

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 10.50% (2022: 10.00%) for the year totalled \$234,320 (2022: \$196,631).

NOTE 17. AUDITOR'S REMUNERATION

Total of all remuneration received or due and receivable by the auditor in connection with:

	2023 \$	2022 \$
Audit of financial statements	151,380	146,000
Other professional review services	20,090	22,900
Total auditor's remuneration	171,470	168,900

NOTE 18. ACTUARY'S REMUNERATION

Total of all remuneration received or due and receivable by the actuary in connection with:

Actuary's statutory functions	130,500	112,500
Other services	163,350	37,490
Total actuary's remuneration	293,850	149,990

NOTE 19. DIRECTORS AND KEY MANAGEMENT PERSONNEL**Directors during the reporting period**

Caroline Banhidy – Chair

David Heath - Director

Michael Liu – Director

Andrew Baxter – Director

Andrew Smith - Director

Key Management Personnel

Emma Sakellaris – Chief Executive Officer

NOTE 19. DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

	2023 \$	2022 \$
Compensation		
Short term employee benefits	948,649	892,387
Post employment benefits	-	-
Other long term benefits	-	-
Total compensation	948,649	892,387

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

There are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected or may significantly affect the company's operations, the results of those operations, or state of affairs in future financial years.

NOTE 22. COMMITMENTS FOR EXPENDITURE

The company has no commitments for expenditure as at 30 June 2023 other than the lease of 4/417 St Kilda Rd, Melbourne, VIC, 3004 as disclosed at Note 10.

NOTE 23. CORONAVIRUS

The impact of the coronavirus 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 2023.

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

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

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 Fund was restructured to the Flexible Insurance (Capital Guaranteed) Fund effective 1 January 2023.

The Accident Fund, Sickness and Accident Fund and Bonus Bond Fund were terminated effective 31 January 2023.

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.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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 (2022: 1.50%) 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:

	2023 \$		2022 \$	
	Net Profit / (Loss)	Net Assets	Net Profit / (Loss)	Net Assets
Adjusted by +1.5% increase	919,819	7,824,537	(26,705,469)	3,228,575
Net Profit / (Loss) before income tax	6,022,608	-	(22,096,524)	-
Net Assets	-	12,927,326	-	7,837,520
Adjusted by -1.5% decrease	11,125,397	18,030,115	(17,487,579)	12,446,465

B. Price Risk

For the purposes of the analysing price risk, the effect of a 10.00% increase or decrease (2022: 10.00%) in equity prices on profit / (loss) before income tax and net assets is shown in the table below.

	2023 \$		2022 \$	
	Net Profit / (Loss)	Net Assets	Net Profit / (Loss)	Net Assets
Adjusted by +10% increase	7,282,117	14,186,835	(19,088,521)	10,845,523
Net Profit / (Loss) before income tax	6,022,608	-	(22,096,524)	-
Net Assets	-	12,927,326	-	7,837,520
Adjusted by -10% decrease	4,763,099	11,667,817	(25,104,527)	4,829,517

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:

	As at 30 June 2023 \$					As at 30 June 2022 \$				
	1 year or less	Over 1 year to 5 years	Over 5 years	Total	Weighted average interest rates	1 year or less	Over 1 year to 5 years	Over 5 years	Total	Weighted average interest rates
Assets:										
<i>Financial assets:</i>										
Cash and cash equivalents	47,590,661	-	-	47,590,661	3.65%	48,979,883	-	-	48,979,883	0.73%
Trade and other receivables	300,592	-	-	300,592	Nil	267,527	-	-	267,527	Nil
Other financial assets	76,731,088	212,123,173	63,926,740	352,781,001	3.57%	78,495,714	212,462,312	46,384,983	337,343,009	1.54%
<i>Non-financial assets:</i>										
Prepaid expenses	168,117	-	-	168,117	Nil	84,372	-	-	84,372	Nil
Plant and equipment	119,394	-	-	119,394	Nil	142,911	-	-	142,911	Nil
Leased Asset Office	439,110	-	-	439,110	4.85%	702,577	-	-	702,577	4.85%
Current income tax and deferred tax	866,903	8,080,919	-	8,947,822		1,136,784	9,121,902	-	10,258,686	
Intangible and other assets	242,763	-	-	242,763	Nil	326,819	-	-	326,819	Nil
Total assets	126,458,628	220,204,092	63,926,740	410,589,460		130,136,587	221,584,214	46,384,983	398,105,784	
Liabilities:										
<i>Financial liabilities:</i>										
Trade and other payables	3,467,056	-	-	3,467,056	Nil	2,872,672	-	-	2,872,672	Nil
<i>Non-financial liabilities:</i>										
Policy liabilities	30,124,316	-	363,391,976	393,516,292	Nil	33,240,468	-	353,117,038	386,357,506	Nil
Income tax payable and deferred tax	-	-	-	-	Nil	-	-	-	-	Nil
Lease liability	297,256	212,420	-	509,676	4.85%	270,374	509,676	-	780,050	4.85%
Other liabilities	169,110	-	-	169,110	Nil	258,036	-	-	258,036	Nil
Total liabilities	34,057,738	212,420	363,391,976	397,662,134		36,641,550	509,676	353,117,038	390,268,264	
Net Assets	92,400,890	219,991,672	(299,465,236)	12,927,326		93,495,037	221,074,538	(306,732,055)	7,837,520	

NOTE 28. STATUTORY BENEFIT FUND INCOME AND EXPENSES

Benefit Fund	For the Period Ended 30 June 2023 \$														
	Net investment income	Insurance premiums and commissions	Other income	Fees to management	Claims expenses	Changes in policy liabilities	Other expenses	Distributions paid to policyholders		Profit (loss) before tax	Income tax expense	Profit (loss) after tax	Surplus opening balance	Transfers to (from)	Current surplus/(deficit)
								Interim benefit funds	Final						
Investment Contracts:															
Bonus Bond	17,268	4,528	-	(4,528)	-	-	-	-	(22,430)	(5,162)	-	(5,162)	5,162	-	
Flexible Insurance	672,850	-	-	(317,019)	(10,875)	(16,994)	(243)	(2)	(91,143)	236,574	(144,184)	92,390	51,198	82,778	226,366
Education and Savings	6,019	1,980	-	(6,858)	-	-	-	-	-	1,141	(1,217)	(76)	2,323	(2,247)	-
Funeral Benefit	13,856,439	-	-	(4,490,771)	-	(136,364)	(547,857)	(347)	(2,363,304)	6,317,796	(1,460,276)	4,857,520	(13,998,839)	-	(9,141,319)
State Trustees (Exempt and Taxable)	615,606	-	-	(269,002)	-	-	(88,297)	-	(197,459)	60,848	32,367	93,215	(155,911)	-	(62,696)
Blue Chip Endowment	213,112	-	-	(142,525)	(7,350)	-	(50)	-	-	63,187	(57,406)	5,781	74,210	(79,991)	-
Total investment contracts	15,381,294	6,508	-	(5,230,703)	(18,225)	(153,358)	(636,447)	(349)	(2,674,336)	6,674,384	(1,630,716)	5,043,668	(14,021,857)	540	(8,977,649)
Insurance Contracts:															
Sickness and Accident	2,206	33,897	-	(9,655)	(26,481)	14,000	-	-	-	13,967	118	14,085	254,396	(232,984)	35,497
Accident	7,377	18,027	-	(8,112)	(31,123)	32,000	(2,606)	-	-	15,563	(626)	14,937	507,375	(477,312)	45,000
Funeral Transfer	3,659	59,160	-	(3,532)	-	(49,288)	(4)	-	-	9,995	(9,995)	-	-	-	-
Sick and Funeral	(477,453)	22,714	-	(391,763)	(698,074)	2,296,017	(2,509)	-	(384,658)	364,274	-	364,274	2,318,881	(200,000)	2,483,155
Police Association	169,424	1,415,817	-	(353,954)	(524,708)	107,715	(91)	-	-	814,203	147,292	961,495	2,415,876	(660,000)	2,717,371
Death and Distress	9,791	12,455	-	(11,611)	(20,000)	(349)	(7)	-	-	(9,721)	166	(9,555)	370,246	-	360,691
Total insurance contracts	(284,996)	1,562,070	-	(778,627)	(1,300,386)	2,400,095	(5,217)	-	(384,658)	1,208,281	136,955	1,345,236	5,866,774	(1,570,296)	5,641,714
Total all contracts	15,096,298	1,568,578	-	(6,009,330)	(1,318,611)	2,246,737	(641,664)	(349)	(3,058,994)	7,882,665	(1,493,761)	6,388,904	(8,155,083)	(1,569,756)	(3,335,935)

NOTE 28. STATUTORY BENEFIT FUND INCOME AND EXPENSES (CONTINUED)

	For the Period Ended 30 June 2022 \$														
Benefit Fund	Net investment income	Insurance premiums and commissions	Other income	Fees to management	Claims expenses	Changes in policy liabilities	Other expenses	Distributions paid to policyholders		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	(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 29. STATUTORY BENEFIT FUND ASSETS, LIABILITIES AND UNALLOCATED SURPLUS

As at 30 June 2023 \$											
Benefit Fund	Assets						Liabilities and Unallocated Surplus				
	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	-	-	-	-	-	-	-	-	-	-	-
Flexible Insurance	17,370,059	34,075	13,279,865	-	-	30,683,999	220,736	38,059	30,198,838	30,457,633	226,366
Education and Savings	-	-	-	-	-	-	-	-	-	-	-
Funeral Benefit	21,433,019	4,369,487	289,606,562	-	-	315,409,068	(818,044)	486,847	324,881,584	324,550,387	(9,141,319)
State Trustees (Exempt and Taxable)	1,132,763	57,369	16,116,819	-	-	17,306,951	(21,075)	23,048	17,367,674	17,369,647	(62,696)
Blue Chip Endowment	-	-	-	-	-	-	-	-	-	-	-
Total investment contracts	39,935,841	4,460,931	319,003,246	-	-	363,400,018	(618,383)	547,954	372,448,096	372,377,667	(8,977,649)
Insurance Contracts:											
Sickness and Accident	50,497	-	-	-	-	50,497	-	-	15,000	15,000	35,497
Accident	50,000	-	-	-	-	50,000	-	-	5,000	5,000	45,000
Funeral Transfer	112,654	-	141,570	-	-	254,224	11,192	75,326	167,706	254,224	-
Sick and Funeral	1,564,584	-	23,066,158	-	-	24,630,742	-	239,320	21,908,267	22,147,587	2,483,155
Police Association	1,874,244	144,931	1,737,424	-	-	3,756,599	192,266	688,468	158,494	1,039,228	2,717,371
Death and Distress	236,892	-	151,209	-	-	388,101	14,852	662	11,896	27,410	360,691
Total insurance contracts	3,888,871	144,931	25,096,361	-	-	29,130,163	218,310	1,003,776	22,266,363	23,488,449	5,641,714
Total all contracts	43,824,712	4,605,862	344,099,607	-	-	392,530,181	(400,073)	1,551,730	394,714,459	395,866,116	(3,335,935)

NOTE 29. STATUTORY BENEFIT FUND ASSETS, LIABILITIES AND UNALLOCATED SURPLUS (CONTINUED)

As at 30 June 2022\$											
Benefit Fund	Assets						Liabilities and Unallocated Surplus				
	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	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	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 30. STATUTORY BENEFIT FUNDS POLICY LIABILITIES

Benefit Fund	As at 30 June 2023 \$							
	Value of policy liabilities 1 July 2022	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	1,384,874	4,130	24,886	(1,436,320)	22,430	-	-	-
Flexible Insurance	12,018,332	47,653	1,241,655	(1,015,751)	91,145	16,995	17,798,809	30,198,838
Education and Savings	641,873	1,932	46,631	(77,501)	-	-	(612,935)	-
Funeral Benefit	308,022,665	1,917,329	41,242,110	(28,663,824)	2,363,304	-	-	324,881,584
State Trustees (Exempt and Taxable)	18,799,443	74,298	12,572	(1,716,098)	197,459	-	-	17,367,674
Blue Chip Endowment	19,163,176	-	-	(1,977,302)	-	-	(17,185,874)	-
Total investment contracts	360,030,363	2,045,342	42,567,854	(34,886,796)	2,674,338	16,995	-	372,448,096
Insurance Contracts:								
Sickness and Accident	29,000	-	-	-	-	(14,000)	-	15,000
Accident	37,000	-	-	-	-	(32,000)	-	5,000
Funeral Transfer	118,419	-	-	-	-	49,287	-	167,706
Sick and Funeral	23,406,388	413,238	-	-	384,658	(2,296,017)	-	21,908,267
Police Association	266,209	-	-	-	-	(107,715)	-	158,494
Death and Distress	11,547	-	-	-	-	349	-	11,896
Total insurance contracts	23,868,563	413,238	-	-	384,658	(2,400,096)	-	22,266,363
Total all contracts	383,898,926	2,458,580	42,567,854	(34,886,796)	3,058,996	(2,383,101)	-	394,714,459

NOTE 30. STATUTORY BENEFIT FUNDS POLICY LIABILITIES (CONTINUED)

Benefit Fund	As at 30 June 2022 \$							
	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	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	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 31. STATUTORY BENEFIT FUND CAPITAL ADEQUACY

As at 30 June 2023 \$																
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	Amount to comply with \$10M	Total prescribed capital	Capital surplus (deficiency)	Capital adequacy coverage
Investment Contracts:																
Bonus Bond	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Flexible Insurance	30,463,267	30,198,838	38,063	226,366	-	-	-	-	-	-	-	-	-	-	-	0%
Education and Savings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Funeral Benefit	316,227,112	324,881,584	486,847	(9,141,319)	-	-	-	-	-	-	-	-	-	-	-	0%
State Trustees (Exempt and Taxable)	17,328,026	17,367,674	23,048	(62,696)	-	-	-	-	-	-	-	-	-	-	-	0%
Blue Chip Endowment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total investment contracts	364,018,405	372,448,096	547,958	(8,977,649)	-	-	-	-	-	-	-	-	-	-	-	
Insurance Contracts:																
Sickness and Accident	50,497	15,000	-	35,497	-	35,497	-	10,000	-	-	-	-	-	10,000	25,497	355%
Accident	50,000	5,000	-	45,000	-	45,000	-	10,000	-	-	-	-	-	10,000	35,000	450%
Funeral Transfer	243,032	167,706	75,326	-	(113,000)	113,000	10,000	40,000	(7,000)	-	2,000	-	-	45,000	68,000	251%
Sick and Funeral Police Association	24,630,742	21,908,267	239,320	2,483,155	-	2,483,155	2,029,000	1,193,000	(671,000)	-	236,000	(2,787,000)	500,000	500,000	1,983,155	497%
Death and Distress	3,564,333	158,494	688,468	2,717,371	144,931	2,572,440	385,000	760,000	(227,000)	-	125,000	-	-	1,043,000	1,529,440	247%
	373,249	11,896	662	360,691	-	360,691	2,000	18,000	(1,000)	-	6,000	-	-	25,000	335,691	1,443%
Total insurance contracts	28,911,853	22,266,363	1,003,776	5,641,714	31,931	5,609,783	2,426,000	2,031,000	(906,000)	-	369,000	(2,787,000)	500,000	1,633,000	3,976,783	
Management Fund	19,809,933	-	3,546,672	16,263,261	4,063,474	12,199,785	316,000	-	-	977,000	43,000	-	7,031,000	8,367,000	3,832,785	146%
Interfund elimination	(1,198,167)	(1,198,167)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Society	411,542,024	393,516,292	5,098,406	12,927,326	4,095,405	17,809,568	2,742,000	2,031,000	(906,000)	977,000	412,000	(2,787,000)	7,531,000	10,000,000	7,809,568	178%

NOTE 31. STATUTORY BENEFIT FUND CAPITAL ADEQUACY (CONTINUED)

As at 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	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	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	1,185%
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 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).

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 2023 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, 25 September 2023



David Heath
Director

Melbourne, 25 September 2023

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 2023, 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 2023 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 company 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 2023; 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.

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.

**RSM AUSTRALIA PARTNERS****WARWICK SPARGO**
Partner

26 September 2023
Melbourne, Victoria

Appointed Actuary's Statement

Liability valuations are established on balance sheet as of 30 June 2023. They are estimates of ultimate expected payments in respect of obligations that occurred prior to the end of the accounting period. I have undertaken actuarial valuations in respect of each of the Benefits Funds of the Foresters Financial Limited (the Society) as at 30 June 2023 in accordance with the Life Insurance Act 1995 (the Act). In my opinion:

- The value of the policy liabilities of the Society and the capital adequacy of the Society have been estimated using methods and assumptions consistent with the prudential standards;
- 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
- 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.

There is inherent uncertainty in the process of establishing the actuarial valuations with the following a summary of the key methodology and assumptions:

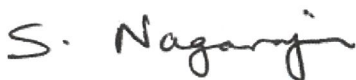
1 Defined Contribution Funds (Excluding Funeral Bond Funds)

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

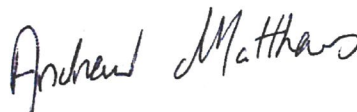
2 Defined Benefit Funds and Funeral Bond Funds

For the Defined Benefit Funds (other than the MU Accident Fund and the Accident and Sickness 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:

- Mortality expressed as a percentage of Australian Life Tables 2015-2017 for the IOR Sick and Funeral Fund, State Trustees Fund Taxable, State Trustees Fund Exempt, Funeral Benefit Fund Taxable, Funeral Transfer Fund, Funeral Benefit Fund Exempt, Victoria Police Benefit Fund and Death and Distress Fund members and spouses.
- Sickness and distress payments forecast as a percentage of contributions for the Victoria Police Benefit Fund and the Death and Distress Fund respectively.
- Age based resignation rates for the Victoria Police Benefit Fund, and Death and Distress Fund.
- Future profits for the Funeral Transfer Fund.
- Gross interest rates based on Commonwealth Government Bond yields.
- Future bonus rates for the Funeral Bond Funds and IOR Sick and Funeral Fund.



Senthooran Nagarajan (Appointed Actuary)
Fellow of the Institute of Actuaries of Australia



Andrew Matthews (Peer Reviewer)
Fellow of the Institute of Actuaries of Australia

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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:
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Melbourne VIC 3004

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



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