

FORESTER HOLDINGS (EUROPE) LIMITED

(Registered in England & Wales, no. 3013082)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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Forester Holdings (Europe) Limited

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Forester Holdings (Europe) Limited

BOARD OF DIRECTORS

Non-executive directors

D Robinson (appointed Independent Chair 26 January 2023)

A Sharma

A Clarkson

C Dunn

G Godfrey

E Labovitch

J Taylor

J Young (Independent Chair resigned 31 December 2022)

Executive directors

N Audhlam-Gardiner, CEO (appointed 12 September 2022)

A Frame, CFO, (appointed 16 January 2023)

L Pilipovic, Interim CEO and CFO (appointed 28 January 2022, resigned 31 August 2022)

Company Secretary

Sisec Limited

Principal Banker

National Westminster Bank Plc

City of London Office

PO Box 12258

1 Princes Street

London

EC2R 8PA

Auditor

KPMG LLP

15 Canada Square

London

E14 5GL

Registered Office

Foresters House

2 Cromwell Avenue

Bromley

BR2 9BF

Telephone 020 8628 3400

Fax 020 8628 3500

Website www.foresters.com

Forester Holdings (Europe) Limited

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2022.

Principal activity

Forester Holdings (Europe) Limited ('the Company') is the UK holding company for the UK business of The Independent Order of Foresters ('Foresters' or 'the Parent'). It incurs the majority of expenses for Foresters' UK operations and earns a margin on expenses recharged to its operating subsidiary. Some expenses, such as pension related costs, are not recharged.

Results and dividend

Total Comprehensive Income for the year (including a dividend receipt from its subsidiary of £10,000,000) amounted to £10,530,000 (2021: £10,531,000), before dividend payment of £10,000,000 (2021: £10,000,000) to the parent company. Net assets as at 31 December 2022 were £73,185,000 (2021: £72,655,000).

Reporting on matters in Section 172 of the Companies Act

The Company is not in scope of the Section 172 requirement for large companies to report on how the Directors have considered the wider stakeholder needs in carrying out their duties. However, as the Company employs more than 250 people in the UK, including those employed by subsidiary companies, it is required to provide a summary of its engagement with employees and how their interests have been considered.

Health, safety and wellbeing

The care and well-being of our employees has always been an overriding priority, and this has taken on even greater significance during the Covid-19 pandemic. Since Covid-19 restrictions were lifted in England on 27 January 2022, home-working staff have been welcomed back to the office on a voluntary basis. The Company has largely adopted the concept of a hybrid working model, and the majority of staff who do not have to be in the office, have been working from home for the majority of the week. As well as supporting staff in terms of work-life balance, this also allows for more flexible recruitment from a wider geographic talent pool, however this needs to be balanced against the needs of our customers and the business.

Learning and development

Learning and development is encouraged to build a culture that promotes talent and fosters high performance. The Company provides support for various forms of online learning, classroom-style induction and training, as well as external study and qualifications.

Transparent communication

Annual Employee Engagement surveys and other informal staff surveys are carried out to collect regular feedback from employees. Business updates are cascaded via management, complementing email announcements and All Colleague meetings where employees can hear from and exchange ideas with the CEO and the wider Executive Team.

Forester Holdings (Europe) Limited

High standards of conduct

Our Code of Ethics defines the standards and behaviours expected of the Company's directors, officers, employees and contract employees. It provides a framework for ethical decision making in our day-to-day business and is supported by policies and mandatory training in anti-corruption and bribery, whistleblowing, data protection and financial crime. The Code also embodies the values and the principles we live by, including respect for human rights, enriching the lives of our members and communities as well as fair treatment of customers and suppliers.

Risks and going concern

Approach to risk management

Risk management is embedded across the Company through the Risk Management Framework comprising governance systems, risk management processes and the Risk Appetite Framework. The Risk Management Framework is designed to identify, measure, manage, monitor and report significant risks to the achievement of the Company's business objectives.

The Risk Management Framework is integrated with the Own Risk and Solvency Assessment ('ORSA'). The ORSA is both a set of processes and a report which considers the risks arising from the agreed strategic priorities, the Company's appetite for these risks and the management of them, how much capital is needed to protect the business against those risks and how resilient the business model is under stressed conditions. This analysis involves a forward-looking assessment of the risk and solvency requirements over the next five years.

Risks are monitored closely. The Company mitigates its risks by maintaining systems of internal control and holding sufficient capital to absorb unexpected adverse events.

The principal risks facing the Company are as follows:

Strategic risk

This is the risk that the Company does not achieve its business strategy, particularly relating to the longer-term performance of the Company and its subsidiaries. This may be due to external factors such as changes in the economic environment, risks arising from climate change, the emergence of new competitors, changes in customer preferences or changes in regulation that impact the business model.

Strategic risk is managed through the planning process, through integrated reporting and monitoring and through forward-looking stress and scenario analysis. The most material strategic risks that Foresters UK is exposed to are failing to retain Child Trust Fund customers and their families given that this book of business is maturing. Future levels of retention and reinvestment may be impacted by the cost-of-living crisis, market performance and customer propositions; and not meeting the evolving expectations of customers such that they do not continue to find Foresters products and services attractive.

These risks are mitigated through ongoing investment in the customer-facing infrastructure to further increase its scope, and the impending delivery of a wider variety of funds, including a sustainable fund. Customer propositions are monitored through market analysis and further strategic opportunities are being assessed. Changes that could impact customer behaviour are assessed through horizon scanning and the Emerging Risk register. The recent Consumer Duty regulation presents further opportunities to Foresters as we assess our existing products and services, and our distribution channels to ensure that customers continue to receive good outcomes.

Forester Holdings (Europe) Limited

Operational risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. The main risks to the Company are cyber risks, data security risks, talent pressures, third party risks and regulatory risks. Operational risks are managed to an acceptable level through a combination of sound corporate and risk governance, systems and controls, and, where appropriate, limit and tolerance structures, supplemented by appropriate insurance policies.

Conduct risk

Conduct risk is the risk that actions taken by the Company may result in poor outcomes for the consumer. Conduct risk is embedded into the risk management framework, supported by appropriate management information. Conduct risk is monitored through Compliance monitoring which is reported to the Audit and Compliance Committee and through Conduct Key Risk Indicators which are reported to the Risk and Investment Committee.

Staff pension scheme risk

This is the risk of adverse movements in the assets and liabilities of the defined benefit staff pension scheme. This can be impacted by equity, currency, interest rate and credit risks and longevity risk. The risk is mitigated through the trustees who are employees of the Company and responsible for the investment policy of the scheme. Investment management is outsourced to an experienced third party.

Liquidity risk

The Company pays expenses on behalf of Foresters' UK operations and is reimbursed by a charge to its subsidiary, Forester Life Limited (FLL). Property and equipment assets are held by the Company. If expenses are incurred by the Company but not recharged, or if expenditure on property and equipment exceeds the depreciation recovered from FLL, the Company could have negative cash flows.

Underperformance of subsidiaries

A key risk affecting the Company is that FLL underperforms to an extent where the Company's investment is impaired.

The Directors are satisfied that the principal risks are mitigated or are capable of mitigation to an acceptable level.

Future Developments

The Company will continue to act as a holding company and incur expenses for Foresters' UK operations.

Forester Holdings (Europe) Limited

Going concern

Having considered the position of the Company at the date of the Statement of Financial Position and its results, prospects and risk profile, the Board considers that the Company is a going concern. In forming this view the Board considered the following:

- The Company exists as a holding company and with the main risk being debtor default risk.
- The majority of its debtors are with other group companies holding sufficient regulatory surpluses.

In performing the going concern assessment, management have considered the impact of the FLL business plans. The Company has a strong liquidity and solvency position and is well-placed to withstand the shocks to its operational and economic environment.

Approved by the Board on 27 March 2023 and signed on 28 March 2023 on its behalf



Nici Audhlam-Gardiner
Chief Executive Officer

Foresters House
2 Cromwell Avenue
Bromley
BR2 9BF

Forester Holdings (Europe) Limited

Directors' Report

Forester Holdings (Europe) Limited

Registered in England & Wales, no. 3013082

The Directors present their report and the audited Financial Statements for the year ended 31 December 2022.

Parent Company

The Company is a wholly owned subsidiary of The Independent Order of Foresters, a fraternal benefit society, incorporated in Canada with limited liability.

Engagement with stakeholders

The Company's policies in relation to stakeholder engagement are set out in the Strategic Report as part of its reporting on matters in Section 172 of the Companies Act.

Employment policies

As a purpose-driven organisation, we believe in strength through diversity and we actively promote a culture of collaboration, creativity and mutual respect in our everyday workplace. Our commitment to equal opportunities means our recruitment, training and promotion programme is designed to develop talent based on merit and ability. We will not knowingly discriminate against individuals on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We do not tolerate any type of discriminatory behaviour by any of our employees against others.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Directors

The Directors who held office during the year are listed on page 3 of these Financial Statements.

None of the Directors had any disclosable interest in the ordinary shares of the Company.

According to the Register of Directors' interests, no rights to subscribe for shares in the Company were granted to any of the Directors or their immediate families, or exercised by them, during the year.

Directors' indemnities

The Directors have the benefit of a qualifying third-party indemnity provision (as defined in Section 234 of the Companies Act 2006). Foresters also maintain Directors' and Officers' liability insurance in respect of its subsidiaries and their Directors.

Forester Holdings (Europe) Limited

Statement of disclosure of information to auditor

Each person who is a Director at the date of this report confirms that:

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's Financial Statements for the year ending 31 December 2022 of which the auditor is unaware; and
- 2) each Director has taken all the steps that he or she ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to S487 of the Companies Act 2006, the auditor, KPMG LLP, will be deemed to be reappointed and will therefore continue in office for the 2023 financial year. Following a tender process, PricewaterhouseCoopers LLP has been appointed as auditors for the 2024 financial year.

Approved by the Board on 27 March 2023 and signed on 28 March 2023 on its behalf



Nici Audhlam-Gardiner
Chief Executive Officer

Foresters House
2 Cromwell Avenue
Bromley
BR2 9BF

Forester Holdings (Europe) Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESTER HOLDINGS (EUROPE) LIMITED

Opinion

We have audited the financial statements of Forester Holdings (Europe) Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board, Audit Committee minutes.

- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited management judgment involved in the valuation and recognition of all material revenue streams.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included, but were not limited to, journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit[.]/[; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Garin McFarlane (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 March 2023

Forester Holdings (Europe) Limited

Statement of Comprehensive Income for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Revenue			
Expenses recharged to group companies		43,895	44,894
Dividend received		10,000	10,000
Other Income		1	-
Total Revenue		<u>53,896</u>	<u>54,894</u>
Operating expenses	2	(43,392)	(44,240)
Profit before income taxes		<u>10,504</u>	<u>10,654</u>
Income tax expense	5	(10)	(229)
Profit for the year		<u>10,494</u>	<u>10,425</u>
Other comprehensive income			
<i>Amounts that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit pension obligation		48	(30)
Income tax (expense)/credit	5	(12)	136
Other comprehensive income for the year, net of tax		36	106
Total comprehensive income		<u>10,530</u>	<u>10,531</u>

The notes on pages 19 to 34 form an integral part of these Financial Statements.

Forester Holdings (Europe) Limited
Company registered number: 3013082

Statement of Financial Position
as of 31 December 2022

	Notes	2022 £000	2021 £000
ASSETS			
Intangible assets	6	2,666	3,956
Equipment & fixtures and fittings	7	1,171	1,178
Right-of-use assets	8	2,900	3,320
Investment in group undertakings	9	68,500	68,500
Current tax asset		109	215
Deferred tax asset		422	490
Other receivables	10	6,902	4,789
Cash and cash equivalents		298	289
TOTAL ASSETS		82,968	82,737
LIABILITIES			
Deferred tax liability		51	204
Employee benefit obligation		1,690	1,960
Lease liabilities	8	2,992	3,430
Other liabilities	11	5,050	4,488
TOTAL LIABILITIES		9,783	10,082
EQUITY			
Called up share capital	12	56,020	56,020
Capital contribution		5,000	5,000
Retained earnings		12,165	11,635
TOTAL EQUITY		73,185	72,655
TOTAL LIABILITIES AND EQUITY		82,968	82,737

The notes on pages 19 to 34 form an integral part of these Financial Statements.

Approved by the Board on 27 March 2023 and signed on 28 March 2023 on its behalf.



Nici Audhlam-Gardiner
Chief Executive Officer

Forester Holdings (Europe) Limited

Statement of Changes in Equity for the year ended 31 December 2022

	2022			
	Share Capital £000	Capital Contribution £000	Retained Earnings £000	Total £000
Balance, beginning of year	56,020	5,000	11,635	72,655
Profit for the year	-	-	10,494	10,494
Other comprehensive income	-	-	36	36
Total other comprehensive income for the year	-	-	10,530	10,530
Dividend paid	-	-	(10,000)	(10,000)
Balance, end of year	56,020	5,000	12,165	73,185

	2021			
	Share Capital £000	Capital Contribution £000	Retained Earnings £000	Total £000
Balance, beginning of year	56,020	5,000	11,104	72,124
Profit for the year	-	-	10,425	10,425
Other comprehensive income	-	-	106	106
Total other comprehensive loss for the year	-	-	10,531	10,531
Dividend paid	-	-	(10,000)	(10,000)
Balance, end of year	56,020	5,000	11,635	72,655

The capital contribution represents a non-returnable and non-distributable payment received by the company from Foresters.

The notes on pages 19 to 34 form an integral part of these Financial Statements.

Forester Holdings (Europe) Limited

Statement of Cash Flows for the year ended 31 December 2022

	2022 £000	2021 £000
Operating activities		
Reimbursement of operating expenses	42,021	42,037
Payments to employees and suppliers	(40,091)	(40,022)
Income tax paid	-	(271)
	<u>1,930</u>	<u>1,744</u>
Investing activities		
Purchase of equipment & fixtures and fittings	(502)	(973)
Lease payments and other related expenses	(1,419)	(1,271)
Dividend received from subsidiary	10,000	10,000
	<u>8,079</u>	<u>7,756</u>
Financing activities		
Dividend paid to parent	(10,000)	(10,000)
	<u>(10,000)</u>	<u>(10,000)</u>
Net increase/(Decrease) in cash and cash equivalents	<u>9</u>	<u>(500)</u>
Cash and cash equivalents at beginning of year	289	789
Cash and cash equivalents at end of year	<u>298</u>	<u>289</u>
Components of cash and cash equivalents		
Cash and cash equivalent assets	298	289
Bank overdraft	-	-
Cash and cash equivalents	<u>298</u>	<u>289</u>

The notes on pages 19 to 34 form an integral part of these Financial Statements.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the Company's Financial Statements are set out below. These policies have been applied consistently to comparative periods presented in these statements unless otherwise indicated. The Company is exempt from producing consolidated financial statements by virtue of section 401 of the Companies Act 2006 as the ultimate parent company; IOF produces publicly available consolidated financial statements that include the results of the Company and its subsidiaries. Refer to note 15 for further details.

The Financial Statements are prepared on the historical cost basis except that the employee benefit obligations are stated at their fair value and non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

1.1 Basis of Presentation

a) Statement of Compliance

Forester Holdings (Europe) Limited (registered number 3013082) is a company incorporated in England and Wales and is resident for tax purposes in the United Kingdom. The Company's registered address is Foresters House, 2 Cromwell Avenue, Bromley BR2 9BF, United Kingdom.

The Company financial statements have been prepared in accordance with UK-adopted International accounting standards. The Company financial statements also comply with interpretations by the International Financial Reporting Standards (IFRSs) Interpretations Committee as issued by the International Accounting Standards Board (IASB) and as adopted by the UK.

b) New standards, interpretations and amendments to published standards that have been adopted by the Company

There have been no changes to the financial reporting standards that affected disclosures in 2022 financial statements. The following amendments apply for the first time to financial reporting periods commencing 1 January 2022:

- Property Plant and Equipment: Proceeds before intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling Contract (Amendment to IAS 37)
- Reference to the Conceptual Framework (Amendment to IFRS 3)
- Annual Improvements to IFRS 2018 – 2020

These are largely clarifications and none of them required a change in the Company's accounting policies.

Standards, interpretations and amendments to published standards that are not in effect and have not been adopted early by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been adopted early by the Company.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of estimates and judgements

The preparation of these Financial Statements requires management to make judgements, estimates and underlying assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. The use of estimates and assumptions has the most significant effect on the measurement of the defined benefit pension plan and provisions. The use of estimates and assumptions is discussed in more detail in the relevant notes to these Financial Statements.

1.2 Segmental reporting

The Board of Directors, being the chief operating decision maker, regards the provision of administrative services for Foresters' UK Operations as the Company's only business activity and considers that it has only one operating segment. All services are provided within the UK.

1.3 Equipment & fixtures and fittings

Equipment & fixtures and fittings are initially measured at cost and depreciated on a straight-line basis calculated to write off the costs of the assets over their estimated useful lives. If there are indicators of impairment, then the recoverable amount is determined, and the asset is written down to the recoverable amount. The following lists the expected useful life per asset:

Furniture and equipment	3-5 years
Computer equipment	3 years

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and bank deposits that have an original maturity of three months or less.

The carrying value of cash and cash equivalents approximates their fair value.

1.5 Investment in subsidiaries

The Company accounts for investment in subsidiaries at cost, subject to an annual impairment test.

1.6 Intangible Assets

Software development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Intangible Assets (continued)

Capitalised development costs are recorded as Intangible assets and amortised on a straight-line basis over their estimated life from the time when the system development becomes operational. If there are indicators of impairment, the recoverable amount is determined, and the asset is written down to the recoverable amount.

Research and development expenditure that do not meet the above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1.7 Income taxes

The tax expense for the period comprises current and deferred taxes. Tax is usually recognised as an expense or income in the statement of comprehensive income, except when it relates to an item included in Other Comprehensive Income ('OCI') or equity, in which case tax is also recognised in OCI or equity as appropriate. The current tax expense/(recovery) is based on taxable income/(loss) for the year under UK tax regulations and the enacted or substantively enacted tax rate for the year and any adjustment to tax payable in respect of previous years.

Deferred income taxes are accounted for using the liability method, whereby tax expected to be payable or recoverable is calculated on temporary differences arising between the carrying amounts of assets and liabilities under IFRS and the tax assets and liabilities calculated under the regulations of the relevant tax authority. Temporary differences, tax losses and tax loss carry-forwards are measured at the tax rates that are expected to be applied to those differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these tax assets can be utilised. The carrying amount of recognised deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

HMRC requires the eligible profits in excess of £5m to receive deferred tax relief of up to 50%.

1.8 Employee benefits

The Company maintains a defined benefit pension plan that is closed to future accruals, as well as a defined contribution pension plan for eligible employees.

a) Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which the Company pays variable contributions into a separate entity in order to secure certain benefits. The plan liabilities are valued periodically, and to the extent that the liabilities exceed the assets the Company has an obligation to increase its contributions to meet the deficit. Re-measurements of the liability, comprising actuarial gains and losses and the return on plan assets less interest incurred, are recognised in other comprehensive income.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an operating expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

c) Other employee benefits

The Company also provides health benefits to eligible employees who are absent from work due to disability. The cost is expensed as incurred.

1.9 Revenue recognition

Expenses borne on behalf of group companies are recharged as incurred, including a proportional management recharge fee. The performance obligation of the Company is to incur UK operational related expenses and thus following the incurring of expenses, the corresponding revenue (including management recharge fee) is recognised.

1.10 Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether:

- the contract involves the use of identified assets – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset,
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee

The Company recognises right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the leases' liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.10 Lease (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is change in future lease payments arising from a change in a rate or an index.

When the leases liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of right-to-use asset or is recorded as profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases and leases of low value

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease, if not, then it is an operating lease.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

1.11 Contingent liabilities

Contingent liabilities are recorded when it is probable that the Company will incur an expense in the future and the amount can be reliably measured. If the event resulting in a future obligation is less than probable but greater than remote, or the amount cannot be reliably estimated, the contingency is disclosed in the notes to the Financial Statements.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

2. OPERATING EXPENSES

A breakdown of operating expenses by nature is provided below:

	2022	2021
	£000	£000
Employee benefits		
Salaries and benefits	21,344	22,422
Social security costs	2,976	2,817
Pension plan expenses	1,822	2,000
	26,142	27,239
Administration costs	1,895	1,999
Legal and professional expenses	2,536	2,397
Technology costs	6,175	6,962
Fraternal programmes and expenses	389	235
Facility charges	452	558
Amortisation of intangible assets	1,290	1,290
Operating lease costs	192	285
Interest on lease liabilities	89	98
Depreciation of property and equipment	508	310
Depreciation right-of-use-assets	1,312	1,101
Auditor's remuneration	26	25
Net financing in respect of pension plan	56	46
Other expenses	2,330	1,695
Total operating expenses	43,392	44,240

The auditor's remuneration disclosed above includes the following elements:

	2022	2021
	£000	£000
Audit of the Company	26	25
Total audit fees	26	25

The Company's average weekly number of employees in the period was 179 (2021: 152), all of whom were in administrative functions.

3. DIRECTORS' EMOLUMENTS

The aggregate amount of Directors' emoluments, including pension scheme contributions, was as follows:

	2022	2021
	£000	£000
Emoluments	46	27
Payable to one (2021: one) director under a long-term incentive plan	2	8
	48	35
Pension contributions to money purchase scheme	2	2
	50	37

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

3. DIRECTORS' EMOLUMENTS (CONTINUED)

The aggregate of emoluments receivable by the highest paid director, including retirement benefits of £2k, was £24k (2021: £26k including retirement benefits of £2k). Retirement benefits accrued under money purchase schemes to one director (2021: one director).

4. EMPLOYEE PENSION SCHEMES

Defined contribution pension plan

The Company operates a defined contribution pension scheme for Foresters' UK employees. Employer's pension contributions in the year were £1,193,000 (2021: £1,202,000).

Defined benefit pension plan

Forester Group Employee Pension Scheme defined benefit plan contains two plans: the Staff Plan (Staff Section) and the Employee Pension Plan (Fieldworkers Section).

A valuation carried out for the period to 31 December 2022 shows a deficit on the scheme of £1,690k (2021: £1,960k).

The amounts recognised on the statement of financial position are:

	2022	2021
	£000	£000
Present value of funded obligations	(4,353)	(6,792)
Fair value of scheme assets	4,682	5,881
Surplus/(deficit)	329	(911)
Additional liability to reflect present value of committed future contributions	(2,019)	(1,049)
Pension liability at 31 December	(1,690)	(1,960)
Related deferred tax asset	422	490
Net Pension liability	(1,268)	(1,470)

A minimum funding assessment has been carried out (i.e. in accordance with the schedule of contributions). The assessment showed a liability position before associated taxes of £1,690,000 (2021: £1,960,000) against the IAS 19 valuation of £329,000 (2021: £911,000).

Consideration has been given to the requirements set out in IFRIC 14, in particular the statement that: "When a minimum funding requirement may give rise to a liability" it should be determined whether an adjustment to increase IAS 19 liability might be required.

IFRIC 14 states that if an entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding requirements basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or a reduction in future after they are paid into the plan.

To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises.

We have determined that, in accordance with the Trusts Deeds provisions, the Company does not have an unconditional right to refund of a surplus. As a result, the pension deficit shall be valued at the higher of the minimum funding requirements and its IAS 19 valuation.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

4. EMPLOYEE PENSION SCHEMES (continued)

The actual return on plan assets was a loss of £1,216,000 (2021: £442,000). The amounts recognised in the income statement are:

Expenditure/(Income)	2022 £000	2021 £000
Net interest	15	19
Curtailment	41	27
Net expense	56	46

There is no current service cost as benefit accrual ceased in 1996. No past service benefit improvements have been implemented during the accounting period.

Changes in the value of defined benefit obligations are as follows:

	2022 £000	2021 £000
Opening defined benefit obligation	6,792	7,028
Interest cost	127	93
Actuarial gains:		
Change in actuarial assumptions	(2,305)	(4)
Benefits paid	(261)	(325)
Closing defined benefit obligation	4,353	6,792

Changes in the fair value of scheme assets were as follows:

	2022 £000	2021 £000
Opening fair value of scheme assets	5,881	5,505
Interest income on scheme assets	112	74
Actuarial gains:		
Return on plan assets excluding interest income	(1,328)	368
Employer contributions net of charges	278	259
Benefits paid	(261)	(325)
Closing fair value of scheme assets	4,682	5,881

The major assumptions used by the actuary as at 31 December were:

	2022	2021
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment (Limited Price Index)	3.3%	2.9%
Discount rate	1.9%	1.4%
Inflation assumption	3.4%	2.9%

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

4. EMPLOYEE PENSION SCHEMES (continued)

	Years 2021	Years 2021
Mortality: assumed life expectancy at age 65		
Male currently aged 65	22.7	22.6
Female currently aged 65	25.1	25.0
Male currently aged 45	25.6	25.6
Female currently aged 45	28.0	27.9

As the defined benefit scheme has been closed to future accruals since April 1996 the rate of increase in salaries is not applicable because it has no effect on the actuarial liabilities.

The sensitivity to changes in assumptions has been estimated as follows:

Assumption	Change in assumption	Change in liabilities
Discount rate	Increase of 1% p.a.	Decrease by £512,000
Rate of inflation	Increase of 1% p.a.	Increase by £124,000
Mortality	Increase in life expectancy of 1 year	Decrease by £182,000

The average duration of the defined benefit obligation at 31 December 2022 is 14 years (2021: 19 years). While the average pension increase in payment for staff and field workers rose to 3.05% and 1.83% respectively (2021: 3.25% and 2.64% respectively).

The assets in the scheme were:

	2022 £000	2021 £000
Fixed interest bonds	2,962	3,981
Equities	1,464	1,523
Other	256	377
Total	4,682	5,881

5 INCOME TAXES

a) Income tax expense

Current tax is included in income taxes on the Statements of Comprehensive Income as follows:

	2022 £000	2021 £000
Corporation Tax expense		
Current period expense	62	-
Adjustment to prior periods	44	-
	106	-
Deferred income tax expense/(benefit)		
Relating to the origination and reversal of timing differences	14	168
Change in tax rate	-	21
Adjustment to prior periods	(110)	40
Income tax expense	10	229

Cash taxes paid in 2022 were nil (2021: nil).

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

5 INCOME TAXES (continued)

b) Income taxes included in Other Comprehensive Income (OCI)

Other comprehensive income is presented net of income taxes. The following tax charges/(credits) were included in OCI.

	2022	2021
	£000	£000
Deferred tax		
Net change in actuarial losses on employee benefit plans	12	(7)
Change in tax rate	-	(129)
Income tax expense /(credit) in OCI	12	(136)

c) Reconciliation of effective tax rate

Income tax expense differs from the amount that would be computed by applying the UK statutory tax rates to income before taxes for the following reasons:

	2022	2021
	£000	£000
Profit for the period before taxation	10,504	10,654
UK tax at 19% (2021: 19%)	(1,996)	(2,024)
Non-taxable income less non-taxable expenses	1,895	1,897
Change in tax rate	(4)	(62)
Over/ (Under)provided in previous periods	66	(40)
Capital allowance under super-deduction	29	-
Income tax expense	(10)	(229)

d) Change of tax rate

The Finance Act 2021 maintained the Corporation Tax main rate at 19% for the financial year beginning 1 April 2021. However, the rate will increase from 19% to 25% effective from 1 April 2023. This new rate has been substantially enacted and therefore taken into account in determining the deferred tax asset.

e) Deferred income taxes

The deferred tax balance comprises deferred tax arising because of the defined benefit pension scheme. The net movement in the deferred tax asset account is as follows:

	2022	2021
	£000	£000
Beginning of year	443	307
Tax impact related to movement in the pension scheme	(12)	136
End of year	431	443

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

6. INTANGIBLE ASSETS

Capitalised software

The following table shows the changes to capitalised software costs during the year:

	2022 £000	2021 £000
Gross carrying value, beginning of year and end of year	12,814	12,814
Accumulated amortisation, beginning of year	8,858	7,568
Amortisation expense for the year	1,290	1,290
Accumulated amortisation, end of year	10,148	8,858
Net book value, beginning of year	3,956	5,246
Net book value, end of year	2,666	3,956

Capitalised software costs relate to expenditure on a digital transformation programme in 2020.

7. EQUIPMENT & FIXTURES AND FITTINGS

2022	Computer equipment £000	Furniture and equipment £000	Leasehold Improvements £000	Total £000
Cost				
At beginning of year	2,433	1,647	297	4,377
Additions	498	4	-	502
Reclassification	-	297	(297)	-
At end of year	2,931	1,948	-	4,879
Depreciation				
At beginning of year	2,154	1,046	-	3,200
Depreciation charge	266	242	-	508
At end of year	2,420	1,288	-	3,708
Net book value				
At beginning of year	279	601	297	1,178
At end of year	511	660	-	1,171

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

7. EQUIPMENT & FIXTURES AND FITTINGS (continued)

2021	Computer equipment £000	Furniture and equipment £000	Leasehold Improvements £000	Total £000
Cost				
At beginning of year	2,337	1,068	-	3,405
Additions	96	579	297	973
Disposals	-	-	-	-
At end of year	2,433	1,647	297	4,378
Depreciation				
At beginning of year	1,921	969	-	2,890
Depreciation charge	233	77	-	310
Disposals	-	-	-	-
At end of year	2,154	1,046	-	3,200
Net book value				
At beginning of year	416	99	-	515
At end of year	279	601	297	1,178

8. LEASES

The note provides information for leases where the Company is a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts related to leases:

Right-of-use-assets

2022	Office space £000	Vehicles £000	Equipment £000	Total £000
Balance at 1 January	1,722	1,543	55	3,320
Additions	-	581	51	632
Lease modification	260	-	-	260
Depreciation	(378)	(898)	(36)	(1,312)
Balance at end of year	1,604	1,226	70	2,900
2021	Office space £000	Vehicles £000	Equipment £000	Total £000
Balance at 1 January	2,050	1,082	62	3,194
Additions	-	1,190	44	1,234
Lease modification	-	-	(7)	(7)
Depreciation	(328)	(729)	(44)	(1,101)
Balance at end of year	1,722	1,543	55	3,320

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

8. LEASES (continued)

Leases liabilities

2022	Office space	Vehicles	Equipment	Total
	£000	£000	£000	£000
Balance at 1 January	1,795	1,565	70	3,430
Interest Payment	53	36	-	89
Lease modification	260	-	-	260
Payment	(411)	(935)	(73)	(1,419)
New Leases	-	581	51	632
Balance at end of year	1,697	1,247	48	2,992

2021	Office space	Vehicles	Equipment	Total
	£000	£000	£000	£000
Balance at 1 January	2,107	1,097	67	3,272
Interest Payment	57	42	-	98
	-	-	7	7
Payment	(369)	(765)	(47)	(1,181)
New Leases	-	1,190	44	1,234
Balance at end of year	1,795	1,565	70	3,430

Maturity analysis – contractual undiscounted cash flows:

	2022	2021
	£000	£000
Less than one year	1,224	820
2 to 5 years	1,906	3,630
>5 years	-	92
Total undiscounted lease liabilities	3,130	4,542

Lease liabilities included in the statement of financial position at 31 December 2022 were £2,992,000 (2021: £3,430,000).

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Interest expense on lease liabilities: £89,000 (2021: £98,000).

(c) Amounts recognised in the statement of cash flows

The total cash outflows for leases in 2022 was £1,419,000 (2021: £1,271,000).

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

9. INVESTMENT IN GROUP UNDERTAKINGS

	2022	2021
	£000	£000
Investment in Subsidiary	68,500	68,500
Total	68,500	68,500

Investments in group undertakings, which is registered in England and Wales, is as follows:

Subsidiary Name	Class of shares held	Proportions held		Principal activity
		Directly	Indirectly	
Forester Life Limited ("FLL")	Ordinary	100%	-	Life assurance

The voting rights exactly match the proportion of shares held by the Company. The subsidiary has a registered office at Foresters House, 2 Cromwell Avenue, Bromley BR2 9BF, United Kingdom.

10. OTHER RECEIVABLES

Other assets comprised the following:

	2022	2021
	£000	£000
Due from parent company	79	54
Due from other group companies	4,653	2,803
Prepayments and other	2,170	1,932
	6,902	4,789

The fair value of company assets approximates their carrying value.

11. OTHER LIABILITIES

Other liabilities comprised the following:

	2022	2021
	£000	£000
Payroll and other taxes	792	1,018
Other liabilities and accruals	4,258	3,470
	5,050	4,488

The fair value of these liabilities approximates their carrying value. All the liabilities are due within 12 months of the statement of financial position date.

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

12. CALLED UP SHARE CAPITAL

	2022	2021
	£000	£000
Issued		
56,020,000 Ordinary shares of £1 each	<u>56,020</u>	<u>56,020</u>

The Ordinary shares carry full voting rights and qualify for dividends. There are no restrictions on the repayment of capital other than as imposed by the Companies Act 2006.

13. RELATED PARTY TRANSACTIONS

Transactions with group companies

Transactions arise between Forester Holdings (Europe) Limited and other members of the Foresters group, which are related parties. All related party transactions have taken place at terms that would exist in arm's length transactions. The transactions are summarised below:

	2022	2021
	£000	£000
Expenses recharged to UK branch of parent company	4,079	3,722
Expenses recharged to subsidiaries	43,895	44,894
Lease on Head Office building paid to subsidiary	(411)	(369)

There were no loans or guarantees provided by the Company to related parties.

Transactions with key management personnel

Members of the Board of Directors and Executive Committee are deemed to be key management personnel. Compensation paid to key management personnel who were in service during the year was as follows:

	2022	2021
	£000	£000
Salaries and short-term benefits	99	81
Post-employment benefits under money purchase scheme	7	6
Other long-term benefits	5	16
Total	<u>111</u>	<u>103</u>

Forester Holdings (Europe) Limited
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

14. ASSETS AND LIABILITIES

Amounts expected to be recovered or capable of being settled within and beyond 12 months from the reporting date were as follows:

	2022			2021		
	Total	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months
	£000	£000	£000	£000	£000	£000
ASSETS						
Intangible assets	2,666	1,290	1,376	3,956	1,290	2,666
Property and equipment	1,171	508	663	1,177	310	867
Right-of-use-assets	2,900	1,310	1,590	3,320	1,101	2,219
Investment in group undertakings	68,500	-	68,500	68,500	-	68,500
Current tax asset	109	-	109	215	-	215
Deferred tax asset	422	-	422	490	-	490
Other receivables	6,902	6,902	-	4,789	4,789	-
Cash and cash equivalents	298	298	-	290	290	-
TOTAL ASSETS	82,968	10,308	72,660	82,737	7,780	74,957
LIABILITIES						
Deferred tax liability	51	-	51	204	-	204
Employee benefit obligation	1,690	-	1,690	1,960	-	1,960
Lease liabilities	2,992	1,224	1,768	3,430	1,179	2,251
Other liabilities	5,050	5,050	-	4,488	4,488	-
TOTAL LIABILITIES	9,783	6,274	3,509	10,082	5,667	4,415

15. ULTIMATE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

During the year and at year-end, the ultimate parent undertaking and the undertaking which headed the largest and smallest group of undertakings for which group Financial Statements are drawn up and of which the company was a member was The Independent Order of Foresters, a fraternal benefit society, incorporated in Canada with limited liability, registered address 789 Don Mills Road, Don Mills, Ontario, M3C 1T9, Canada.

These consolidated Financial Statements are available to the public and may be obtained from Foresters House, 2 Cromwell Avenue, Bromley BR2 9BF.