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**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**FORESTER INVESTMENTS LIMITED**  
(Registered in England & Wales, no. 02997629)

# **Forester Investments Limited**

<b>Contents</b>	<b>Page</b>
Board of Directors	3
Strategic Report	4
Directors' Report	5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

# **Forester Investments Limited**

## **BOARD OF DIRECTORS**

E T Allison  
P D Reaburn

## **Company Secretary**

J C Rose

## **Principal Bankers**

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](http://www.foresters.com)

# **Forester Investments Limited**

## **Strategic Report**

The Directors present their Strategic Report for Forester Investments Limited ('FIL', 'the Company') for the year ended 31 December 2017.

### **Principal activity**

The Company acts as a holding company for the investment management business of Forester Fund Management Limited ('FFML').

### **Results and dividend**

The Company made a loss for the year after tax of £34.0m (2016: profit £9.5m) due to the impairment in value of its subsidiary, FFML, following the transfer of FFML business to Forester Life Limited ('FLL') in 2017. A dividend of £nil was paid in the year (2016: £9.5m).

### **Developments**

FIL is the holding company of FFML and a direct subsidiary of FLL.

The transfer has affected the value of investment in FFML in the FIL balance sheet, with an impairment of £34.0m. After impairment the Company will remain in a Net Asset position and will be able to pay creditors when they fall due.

In 2018 we expect to impair the remaining value of investment of £19m, after which both FIL and FFML will become dormant companies.

### **Risks and going concern**

Having considered the position of the Company at the date of the Statement of Financial position and its results, its risk profile and the fact that the Company has ceased to trade within 12 months of these Financial Statements, the Board of Directors do not consider that the Company is a going concern. Please refer to section 1.1 (c) in the notes to the Financial Statements, which explains the basis of preparation.

**Approved by the Board on 20 March 2018 and signed on 28 March 2018 on its behalf**

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**E T Allison**  
Director

## **Forester Investments Limited**

### **Directors' report**

The Directors present their report and the audited Financial Statements for the year ended 31 December 2017.

#### **Parent company**

The Company is a wholly owned subsidiary of FLL which is a company registered in England and Wales.

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

#### **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.

#### **Statement of disclosure of information to auditors**

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 2017 of which the auditors are unaware; and
- 2) each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Approved by the Board on 20 March 2018 and signed on 28 March 2018 on its behalf**



**E T Allison**  
Director

## **Forester Investments 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 group and parent company Financial Statements for each financial year. Under that law they have elected to prepare both the group and the parent company Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and applicable law.

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 their profit or loss for that period. In preparing the 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 IFRSs as adopted by the EU;
- assess 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 group or the parent company or to cease operations, or have no realistic alternative but to do so. The Directors do not believe that it is appropriate to prepare these Financial Statements on a going concern basis. Please refer to the section 1.1 (c) in the notes to the Financial Statements, which explains the basis of preparation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. 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 group 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.

## **Forester Investments Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF FORESTER INVESTMENTS LIMITED**

#### **Opinion**

We have audited the financial statements of Forester Investment Limited ("FIL") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and related notes, including the significant 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 2017 and of the company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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.

#### **Emphasis of Matter - Non-going concern basis of preparation**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We draw attention to the disclosure made in note 1.1(c) to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

#### **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:

## **Forester Investments Limited**

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, 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](http://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.



**Ben Priestley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

Canary Wharf

London,

E14 5GL

28 March 2018



## Forester Investments Limited

### Statement of Comprehensive Income for the year ended 31 December 2017

	Notes	2017 £	2016 £
<b>Revenue</b>			
Investment income		-	4
Dividend from subsidiary		-	9,500,000
Impairment of investment in subsidiary	5	(33,937,725)	-
(Loss)/Profit before taxation		<u>(33,937,725)</u>	<u>9,500,004</u>
<b>Total Comprehensive Income</b>		<u>(33,937,725)</u>	<u>9,500,004</u>

The notes on pages 13 to 17 form an integral part of these Financial Statements.

## Forester Investments Limited

### Statement of Financial Position as at 31 December 2017

	Notes	2017 £	2016 £
<b>Assets</b>			
Investment in subsidiary undertaking	5	19,062,275	53,000,000
Debtors – amounts due from group companies		123	123
Cash and cash equivalents		4,374	4,374
<b>Total assets</b>		<u>19,066,772</u>	<u>53,004,497</u>
<b>Liabilities</b>			
Claims in course of settlement		2,735	2,735
Current tax payable		1	1
<b>Total liabilities</b>		<u>2,736</u>	<u>2,736</u>
<b>Equity</b>			
Called up Share Capital	6	51,800,000	51,800,000
Retained Earnings		(32,735,964)	1,201,761
<b>Total equity</b>		<u>19,064,036</u>	<u>53,001,761</u>
<b>Total liabilities and equity</b>		<u>19,066,772</u>	<u>53,004,497</u>

The notes on pages 13 to 17 form an integral part of these Financial Statements.

**Approved by the Board on 20 March 2018 and signed on 28 March 2018 on its behalf**



**E T Allison**  
Director

## Forester Investments Limited

### Statement of Changes in Equity for the year ended 31 December 2017

	Share Capital £	Retained Earnings £	Total £
<b>Balance, beginning of year</b>	51,800,000	1,201,761	53,001,761
<b>Income for the year</b>			
Total comprehensive income for the year	-	(33,937,725)	(33,937,725)
<b>Balance, end of year</b>	<u>51,800,000</u>	<u>(32,735,964)</u>	<u>19,064,036</u>

### Statement of Changes in Equity for the year ended 31 December 2016

	Share Capital £	Retained Earnings £	Total £
<b>Balance, beginning of year</b>	51,800,000	1,201,757	53,001,757
<b>Income for the year</b>			
Total comprehensive income for the year	-	9,500,004	9,500,004
<b>Transactions with equity holders</b>			
Dividends paid	-	(9,500,000)	(9,500,000)
<b>Balance, end of year</b>	<u>51,800,000</u>	<u>1,201,761</u>	<u>53,001,761</u>

The notes on pages 13 to 17 form an integral part of these Financial Statements

## Forester Investments Limited

### Statement of Cash Flows for the year ended 31 December 2017

	2017	2016
	£	£
<b>Cash flows from operating activities</b>		
Interest paid	-	-
<b>Net cash flow from operating activities</b>	-	-
<b>Cash flows from investing activities</b>		
Interest received	-	4
Dividends received	-	9,500,000
<b>Net cash from investing activities</b>	-	9,500,004
<b>Financing activities</b>		
Dividend paid	-	(9,500,000)
<b>Net cash from financing activities</b>	-	(9,500,000)
<b>Net increase in cash and cash equivalents</b>	-	4
Cash and cash equivalents at beginning of year	4,374	4,370
Cash and cash equivalents at end of year	4,374	4,374

The notes on pages 13 to 17 form an integral part of these Financial Statements

# **Forester Investments Limited**

## **Notes to the Financial Statements**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these Financial Statements are set out below. These accounting policies have been applied consistently to comparative periods presented in these statements unless otherwise indicated.

#### **1.1 Basis of Presentation**

##### **a) Statement of Compliance**

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union ("EU").

##### **b) 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 income taxes and provisions. The use of estimates and assumptions is discussed in more detail in the relevant notes to these Financial Statements.

##### **c) Non going concern**

The Company has ceased to trade and became dormant within 12 months of these Financial Statements, the Board of Directors do not consider that the Company is a going concern. Therefore the Financial Statements are prepared on non-going concern basis.

The Company remains in a Net Asset position and will be able to pay intergroup creditor when they fall due thus no adjustment was necessary in this financial year in the non-going concern basis.

#### **1.2 Investment in subsidiaries and associates**

The Company accounts for investments in subsidiaries and associated companies its net realisable value.

#### **1.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash and 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.

#### **1.4 Debtors**

Debtors are stated at its net realisable value.

#### **1.5 Income taxes**

The tax expense for the period comprises current tax. 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

## **Forester Investments Limited**

### **Notes to the Financial Statements (continued)**

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.

#### **1.6 Provisions and contingent liabilities**

A provision is 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, a contingent liability is disclosed in the notes to the financial statements.

## **2. FUTURE ACCOUNTING AND REPORTING CHANGES**

During the year the Company adopted the following new standards, none of which had a material impact on the Financial Statements:

- IAS 7 (Amendment) Disclosure Initiative – Improve presentation and disclosure in Financial Statements
- IAS 12 (Amendment) Recognition of Deferred Tax Assets for Unrealised losses – Clarification of the recognition of deferred tax assets

Annual Improvements to IFRSs – 2012-2016 cycle which contains amendments to:

- IFRS 12 Disclosure of Interests in Other Entities – Also applies to assets held for sale or distribution.

The following new accounting standards, interpretations and amendments to existing accounting standards in issue, but either not yet effective nor endorsed by the EU, have not been early adopted by the Company. The Company has not trading activities during the year so there are no revenue transactions expected. Therefore, unless stated, the new and amended standards and interpretations are being assessed but are not expected to have a significant impact on the Company's Financial Statements:

- IFRS 16 Leases - The standard specifies how to recognise, measure, present and disclose leases.
- IFRS 9 Financial Instruments - modifies the classification and measurement of financial assets.
- IFRIC 23 Uncertainty over Income Tax Treatments - Clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

## **3. ADMINISTRATIVE EXPENSES**

The auditor's remuneration of £5,150 (2016: £5,000) was borne by the parent company FLL.

The directors did not receive any emoluments in respect of the Company during the year (2016: £Nil).

# Forester Investments Limited

## Notes to the Financial Statements (continued)

### 4. INCOME TAX EXPENSE

#### a) Income tax expense

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

	2017 £	2016 £
<b>Corporation Tax expense</b>		
Current period	-	-
<b>Income tax (credit)/expense</b>	-	-

No cash taxes were paid in 2017 (2016: £Nil).

#### b) 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:

	2017 £	2016 £
(Loss)/Profit for the period before taxation	(33,937,725)	9,500,004
UK tax (credit)/charge at 19.25% (2016: 20.25%)	(6,533,012)	1,900,001
Charge/(Credit) in relation to non-taxable transactions	6,533,012	(1,900,000)
(Over)/under provided in previous periods	-	(1)
<b>Income tax expense/(credit)</b>	-	-

#### c) Change of tax rate

The Finance Act 2014 enacted the reduction in the Corporation Tax rate to 19% with effect from April 2017. The Finance Act 2016 enacted a further reduction from April 2020 to 17%.

# Forester Investments Limited

## Notes to the Financial Statements (continued)

### 5. INVESTMENT IN SUBSIDIARY UNDERTAKING

On 3 April 2013, the Company acquired the entire issued share capital, and thereby 100% of the voting rights, of Tunbridge Wells Equitable Investments Company Ltd, subsequently renamed Forester Fund Management Ltd (FFML), at a cost of £53m.

On 2nd January 2017 the entire investment management business of FFML comprising 914,251 Policies of Child Trust Funds, Junior ISAs and Growing Up Bonds was transferred to Forester Life Limited.

The Company acts as a holding company for FFML. Following the transfer of policies as of 2<sup>nd</sup> January 2017 to FLL, the net realisable value of FFML reduced to 19.1m.

As a result, there has been an impairment of £34.0m in the investment in subsidiary. The impairment has been recognised in the Company's Statement of Comprehensive Income during 2017 and has been written to retained earnings.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary	19,062,275	53,000,000
Total	<u>19,062,275</u>	<u>53,000,000</u>

The Company's subsidiary, which is registered in England and Wales is as follows:

<b>Subsidiary Name</b>	<b>Class of shares held</b>	<b>Proportions held</b>		<b>Principal activity</b>
		<b>Directly</b>	<b>Indirectly</b>	
Forester Fund Management Ltd	Ordinary	-	100%	Savings account provider



## **Forester Investments Limited**

### **6. CALLED UP SHARE CAPITAL**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Authorised and issued</b>	<u>51,800,000</u>	<u>51,800,000</u>

The 51,800,000 (2016: 51,800,000) ordinary shares of £1 each 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.

### **7. RELATED PARTY TRANSACTIONS**

Forester Investments Ltd (FIL) is a non-trading indirect subsidiary of Forester Holdings (Europe) Ltd (FHE). Related party transactions arise as follows:

FHE incurs all the operating costs of FIL. No costs were recharged during the year (2016: nil).

Audit remuneration costs of £5,150 were borne by the parent company FLL (2016: 5,000).

### **8. ULTIMATE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS**

During the year and at the year end, the ultimate parent undertaking and the undertaking which headed the largest 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. The Company's registered address is 789 Don Mills Road, Don Mills, Ontario, M3C 1T9, Canada.

The Company which headed the smallest group of undertakings for which group Financial Statements are drawn up and of which the Company was a member of Forester Life Limited, a company incorporated in Great Britain.

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

### **9. POST BALANCE SHEET EVENT**

In 2018 the Management intend on making FIL dormant and release unutilised capital held within in the Company. Its subsidiary, Forester Fund Management Limited, was deauthorised as a Financial Conduct Authority regulated entity on 6<sup>th</sup> February 2018.