Employers Mutual Limited

ABN: 67 000 006 486

Financial Statements

30 June 2024

we help people get their lives back

Contents

Directors' Annual Report to the Members

For the year ended 30 June 2024

The Directors present their report together with the financial report of Employers Mutual Limited (the "Company") and the consolidated financial report of the Group, being the Company and its controlled entities for the year ended 30 June 2024 and the independent auditor's report thereon.

Directors

The Directors of the Company in office during the financial year and up to the date of this report are:

Paul R. Baker LLB GAICD (Chairman)

Mr Baker was appointed as a director of Employers Mutual Limited in September 2014 and was last re-elected on 21 November 2023. He was appointed Chair of Employers Mutual Limited on 25 May 2021. He also currently serves as a director of Hospitality Industry Insurance Limited.

Paul has experience in the areas of insurance, reinsurance, commercial and administrative law, risk management, strategy and business management and corporate governance. He is a practising lawyer of more than 35 years and has been Managing Director of Meridian Lawyers since 2004, a law firm which he established and has grown to more than 240 staff.

Paul has previously served as the legal member of the Commonwealth Government's Consumer Medicines Information Task Force and South Eastern Sydney Area Health Service Ethics Committee. He was also a senior partner of Ebsworth and Ebsworth Lawyers and a former Director of Guild Accountants.

Patrick J. Gurr GAICD

Mr Gurr was appointed as a director of Employers Mutual Limited on 28 May 2019 and was last re-elected on 28 November 2022.

Mr Gurr is a career publican, with over 40 years' experience in the hospitality industry. As an active member of the Australian Hotels Association (AHA), Mr Gurr brings a wealth of knowledge with extensive experience in dealing with government at all three levels. Mr Gurr has immersed himself in numerous communities throughout New South Wales and Queensland developing industry education and promoting regional tourism through innovation and awareness.

Mr Gurr served as an executive member and as vice president of AHA (NSW). In these roles, he was involved in constitutional review, strategy implementation and dispute resolution. Mr. Gurr achievements were recognised with Life Membership of AHA (NSW) in 2012. Mr. Gurr has lived in the regional cities of Toowoomba, Wagga Wagga and Armidale and was the voice of country hotels promoting the importance of these community hubs for the wellbeing of the communities they serve.

Catherine A. King

Ms King was appointed as a director of Employers Mutual Limited on 21 June 2007 and resigned on 6 September 2023.

Ms King has diverse experience in government, community and stakeholder relations, communications, risk management and strategy development. Ms King managed a public relations and communications business for 15 years and now provides strategic advice to organisations operating in a regulated environment.

Ms King is also a director of the Don Dunstan Foundation and Chair's Capetal's Advisory Board. She has previously been a director of Adelaide Fringe Inc, Adelaide Venue Management Corporation, Employers Mutual Limited, Homestart Finance, SAFECOM and the SA Ambulance Service and a board member of Common Ground Adelaide, Riverland Wine Advisory Panel and ResourceCo Pty Ltd.

Directors' Annual Report to the Members (continued)

Bruce B Hatchman FCA MAICD JP

Mr Hatchman was appointed as a director of Employers Mutual Limited on 29 September 2020 and retired from the Board on 31 December 2023.

Mr Hatchman is a Chartered Accountant and has practiced principally in the areas of audit and corporate advisory assignments. In 2001, he transitioned from direct client responsibilities to the role of Chief Executive of the practice. During the next seven years the practice experienced substantial growth leading to a position of fifth largest practice in Sydney. During that time, he acted as primary advisor to a group of high-net-worth businesses in an advisory capacity.

Since 2008 Mr Hatchman has focused entirely on board appointments, which have been exclusively non-executive independent roles, including: ASX listed companies, professional practices both Australian and internationally based, a not-for-profit major hospital in Sydney. He continues to engage in consulting work and has ongoing roles in private large investment groups.

Nicole Britt, B.App.Sc(O.T), MBA, GAICD

Ms Britt was appointed as a director of Employers Mutual Limited on 11 June 2021 and was re-elected on 26 November 2021.

Ms Britt is a well-respected and passionate health professional who has spent more than three decades assisting people with an injury, illness or disease to recover by returning them to work. A recognised industry thought leader, Ms Britt leads Navigate Work providing premium services to employers and industry associations to assist them to attract and retain high quality employees through the design and execution of strong employee value propositions.

Ms Britt's expertise is recognised through her involvement in the inaugural Australasian Faculty of Occupational and Environmental Medicine (AFOEM) Health Benefits of Work (HBOW) Signatory Steering Group (SSG) and as a former board member of the National Employment Services Association (NESA). Ms Britt has most recently worked with the passenger transport industry to author industry reports and toolkits to address the current driver recruitment and retention crisis within the industry.

The Hon Lisa M Neville BA LLB

The Honourable Ms Neville was appointed as a director of Employers Mutual Limited on 1 July 2023 and re-elected on 21 November 2023.

The Honourable Lisa Neville has had a long and distinguished career in public policy and public administration. She has served as a Member of the Victorian Parliament for 20 years and during that time spent 12 years as a Minister in a range of complex and demanding roles. This spanned the key social policy areas of mental health, community services and aged care through to the front line issues of environment, water, police and emergency services.

The Hon Lisa Neville has also played a pivotal role in the Government's response to Covid as a senior minister on the Crisis Committee of Cabinet. She has strong insight and experience in governance and community service and possesses a law and an arts degree.

The Hon Lisa Neville has served as a non-executive board member with several organisations. She serves as the Chair of the Board of Barwon Health and is a non-executive member of the Crohns and Colitis Association and "The Torch".

Directors' Annual Report to the Members (continued)

Scott M. Whiddett B. Com, FCA

Mr Whiddett was appointed as a director of Employers Mutual Limited in January 2024. He also currently serves as a director of Hospitality Industry Insurance Limited.

Mr Whiddett is a Chartered Accountant with over 30 years of experience, practicing principally in the areas of due diligence advisory, independent accountant reporting on public company transactions for takeovers, initial public offerings and audit.

Mr Whiddett has been actively involved (since 1998) in the growth of the Pitcher Partners Sydney practice (and its antecedent firms, White Iliffe and Moore Stephen Sydney); including founding and developing the firm's advice and corporate finance offering. Mr Whiddett was a founding Partner in establishing White Outsourcing; a back-office administration business that grew to $34 billion of funds under administration before sale in 2013.

Mr Whiddett is a partner and director of entities associated with the Pitcher Partners Sydney Accounting and Advisory practice.

Company secretary

Benjamin Gray	Appointed 30 March 2023

Directors' Annual Report to the Members (continued)

Directors' meetings

The number of Directors' meetings attended by each of the Directors during the financial year is:

Director	Directors' meetings		Audit Committee		Underwriting Committee		Remuneration Committee		Risk Committee	
	No. held*	Attended	No. held*	Attended	No held*	Attended	No. held*	Attended	No. held*	Attended
Bruce B. Hatchman+	5	4	4	4	1	1	2	2	0	0
Catherine A. King^	2	2	2	2	0	0	0	0	1	1
Nicole L. Britt+	11	10	0	0	3	2	3	3	3	3
Lisa Neville+=	11	11	5	5	0	0	3	3	2	2
Patrick J. Gurr	11	7	9	5	3	1	0	0	3	2
Paul R. Baker	11	11	9	9	3	3	3	3	3	3
Scott Whiddett+	6	6	5	5	2	2	1	1	0	0

** Number held whilst in Director role or a member of a Board Committee*
+ Bruce Hatchman retired on 31 December 2023, Scott Whiddett appointed 1 January 2024
^ Cathie. King resigned on 6 September 2023
 # Lisa Neville appointed on 1 July 2023
= Lisa Neville appointed to Board Audit Committee 1 January 2024

Strategy and objectives

The Company undertakes underwriting activities through the following:

- It underwrites workers compensation insurance for employers in the hotels, clubs and cafes, restaurants and takeaways industries in New South Wales under a specialised insurance licence granted by the State Insurance Regulatory Authority (SIRA) through its subsidiary, Hospitality Industry Insurance Limited (HII).
- Commencing 30 June 2023, the Company underwrites workers compensation insurance for employers whose main business or industrial activity concerns the Roman Catholic Church and its religious institutions in New South Wales under a specialised insurance licence granted by SIRA.
- The Company also entered into an agreement to provide quota share reinsurance cover to HII commencing 30 June 2023. This agreement was not renewed on 30 June 2024.

The Company also operates in Partnership with ASWIG Management Pty Ltd as Trustee for the ASWIG Management Trust ("the Partnership"). For the year ended 30th June 2024, the Partnership provided workers compensation claims management services either directly, or through subsidiaries, to iCare (Insurance and Care NSW), Insurance for NSW, Return to Work South Australia, WorkSafe Victoria and the ACT Government along with numerous self-insured employers. The Partnership also provides personal injury claim management services to clients in other insurance lines, including sickness & accident, life & disability and compulsory third party insurance.

Directors' Annual Report to the Members (continued)

The Group's strategy is to continue to grow and diversify its underwriting operations and, through the Partnership, the personal injury claims management business for workers' compensation insurance across government schemes and employer self-insurers and to utilise this expertise in the provision of claims management services in other insurance lines, including sickness & accident, life & disability and compulsory third party insurance.

In order to meet its goals, the Group has set the following objectives with it's Partner:

- Continue to manage and grow our presence in our existing workers insurance schemes nationally.
- Continue to deliver successful return to work outcomes across new and existing claims portfolios across industries.
- Continue to broaden our appetite for personal injury claims management across a range of industries.
- Continue to challenge processes and technology in order to maximise outcomes in the most efficient and effective way to enable case managers to focus on clients and customer outcomes rather than process.
- Continue to pursue opportunities which complement the Group's claims management expertise while providing a sustainable financial return.
- Careful and considered reinvestment of funds through the mutual benefits program to improve occupational health, safety and injury management programs for members.
- Continue to expand our footprint in underwritten workers' compensation nationally through entry into markets where we can leverage our market leading expertise in personal injury claims management.

Principal activities

The principal activities of the Group during the year comprised:

- Underwriting workers compensation insurance in the NSW hospitality industry through the controlled entity, HII.
- Commencing 30 June 2023, the Company provides quota share reinsurance cover to HII as part of the existing program with two external reinsurers. This policy was not renewed on 30 June 2024.
- Commencing 30 June 2023, underwriting workers compensation insurance for employers whose main business or industrial activity concerns the Roman Catholic Church and its religious institutions in New South Wales.
- The provision of workers compensation management services as an agent or service provider to Government and self-insured clients, through the Partnership.
- Acting as outsourced provider of personal injury claims management services on behalf of third parties for other non-workers' compensation insurance lines, through the Partnership

Results and review of operations

The Group's consolidated profit after tax was $39.2m (2023: restated profit after tax was $40.4m).

Factors influencing the result include:

- Continued strong profits from the Partnership business of $53.1m (2023: $51.7m). The Partnership results reflect continued strong performance in all areas of its claims management business.
- HII's profit after tax for the year ended 30 June 2024 was $13.1m (2023: restated $14.4m). The result reflects a combination increased insurance revenue due to wage growth in the hospitality sector in New South Wales and better claims performance due to actuarial releases driven by a combination of favourable changes to economic assumptions and better than expected claims experience.
- Net investment income of $14.7m (2023: $9.6m) reflects the Group's investment strategy and investment market performance during the year.
- Continued investment of accumulated funds through our Mutual Benefits Program totalled $22.9m (2023: $16.4m). This investment continues to support initiatives that deliver a positive impact on performance in the various workers compensation Schemes through knowledge sharing across jurisdictions, improved claims management outcomes and reduced premiums for members.

Directors' Annual Report to the Members (continued)

Events subsequent to balance sheet date

No other matters or circumstances have arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years;
- The results of those operations in future financial years; and
- The Group's state of affairs in future financial years.

State of affairs

A corporate restructure completed on 31st January 2024 saw the Company transfer ownership of the following controlled entities:

- EMNSW Limited, Employers Mutual SA Pty Limited, EML Vic Pty Limited were transferred to EML Management Pty Limited.
- EM National Pty Limited was transferred to EML Solutions Pty Limited.

The purpose of this restructure was to align the Group's corporate structure with its operational structure; to achieve greater simplicity for existing and prospective clients and stakeholders; and, to streamline its risk and governance processes.

As a result of this restructure, the subsidiaries listed above are not consolidated into the Group's Statement of Financial Position at 30 June 2024, however the Group's Statement of Comprehensive Income includes 7 months' worth of revenue and expenses related to the operation of these entities in the year ended 30 June 2024.

There have been no other significant changes in the state of affairs of the Group during the financial year.

Likely developments

The Group will continue to focus on business activities and markets where it can provide a high level of service to current and future members while achieving appropriate returns relative to the risk of operations.

Statutory information

Directors' indemnification

The Company's Constitution indemnifies to the maximum extent permitted by law every officer and auditor of the Company against any liability incurred by them in the capacity as officer or auditor in respect of:

(a) defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted; or

(b) in connection with any application in relation to any such proceedings in which relief is granted under the law to him or her by the court; or

(c) subject to the Corporations Act in relation to any matter.

The Company has entered into officer protection deeds providing access, indemnity and insurance for directors and officers in respect of the Company and relevant subsidiaries of the Company. Those deeds, which are subject to certain conditions and limitations, provide an indemnity to the full extent permitted by law for liabilities incurred by that person as an officer, including reasonable legal costs incurred in respect of certain legal proceedings and an entitlement to Directors' and Officers' liability insurance. The deeds also contain access rights which provide access to company records following the cessation of the officer's position with the Company or a relevant subsidiary of the Company. The Company has executed deeds in place with some of the current and former director(s) and officer(s).

During the financial year, the Company has paid insurance premiums in respect of a Directors' and Officers' liability policy that covers the directors and officers of Employers Mutual Limited. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the nature of the liability insured against.

Directors’ Annual Report to the Members (continued)

Directors’ Benefits

Since the end of the previous financial year, no Director of the consolidated entity has received any benefit by reason of any contract made by the consolidated entity with a Director or with a firm of which they are a member or with a company in which they have a substantial financial interest other than under policies of insurance in the normal course of business.

Environmental Regulation

The Company’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Non-audit services

During the financial year the Company’s auditor Deloitte Touche Tohmatsu has performed other services for the Group in addition to their statutory audit duties.

The Directors have considered the non-audit services provided during the financial year by Deloitte and, in accordance with written advice provided by resolution of the Audit Committee, are satisfied that the provision of those non-audit services by the Group’s auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit assignments were approved in accordance with the process set out in the Company’s framework for engaging auditors for non-audit services; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor’s own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.
- The level of fees for total non-audit services amounts to $24,000 (2023: $Nil) (refer to Note 8.12 to the financial statements for further details of costs incurred on individual non audit assignments).

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and, in accordance with that ASIC instrument, amounts in the financial report and Directors’ Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Directors' Annual Report to the Members (continued)

Lead auditor's independence declaration under section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 30 June 2024.

Signed on behalf of the Board, in accordance with a resolution of the Directors.

Paul R. Baker	**Scott Whiddett**
Director	**Director**

Signed in Sydney on 4 September 2024

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4 September 2024

The Board of Directors
Employers Mutual Limited
Level 3
345 George Street
Sydney NSW 2000

Dear Board Members

Auditor's Independence Declaration to Employers Mutual Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Employers Mutual Limited.

As lead audit partner for the audit of the financial report of Employers Mutual Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Statement of Comprehensive Income

For the year ended 30 June 2024

		2024		2023 Restated	
		The Company	Consolidated	The Company	Consolidated
	Note	$000	$000	$000	$000
Insurance revenue	2.1	34,003	149,799	-	92,154
Insurance service expenses	2.2.1	(32,617)	(137,392)	(803)	(68,168)
Insurance service result from insurance contracts issued		**1,386**	**12,407**	**(803)**	**23,986**
Allocation of reinsurance expenses paid	2.2.1	(1,986)	(23,047)	22	(18,231)
Amounts recovered from reinsurance	2.2.1	(203)	29,536	52	12,654
Net income/(expense) from reinsurance contracts held		**(2,189)**	**6,489**	**74**	**(5,577)**
Insurance service result		**(803)**	**18,896**	**(729)**	**18,409**
Net income from financial instruments at FVTPL	3.1.1	1,852	3,328	1,054	2,447
Other investment revenue	3.1.1	12,775	11,404	7,264	7,111
Net Investment income		**14,627**	**14,732**	**8,318**	**9,558**
Insurance finance income/(expenses) from insurance contracts issued	2.2.1	(340)	(5,230)	19	(1,497)
Finance income/(expenses) from reinsurance contracts held	2.2.1	(95)	1,399	(15)	393
Net insurance finance income/(expense)		**(435)**	**(3,831)**	**4**	**(1,104)**
Net insurance and investment result		**13,389**	**29,797**	**7,593**	**26,863**
Other income	4.1	32,192	337,933	36,846	493,296
Management fees and other operating expenses	4.1	(57,938)	(366,292)	(56,066)	(514,647)
Share of profit of associates and joint ventures accounted for using the equity method		53,144	53,345	51,656	52,568
Profit before tax		**40,787**	**54,783**	**40,029**	**58,080**
Income tax expense	6	(9,881)	(15,585)	(10,639)	(17,652)
Profit for the year		**30,906**	**39,198**	**29,390**	**40,428**
Profit for the year attributable to:					
Owners of the Company		30,906	35,254	29,390	36,104
Non-controlling interests		-	3,944	-	4,324
Profit for the year		**30,906**	**39,198**	**29,390**	**40,428**

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17.

Statement of Financial Position

As at 30 June 2024

		2024		Restated 2023		Restated 2022	
		The Company	Consolidated	The Company	Consolidated	The Company	Consolidated
	Note	$000	$000	$000	$000	$000	$000
Assets							
Cash and cash equivalents	8.3.1	10,135	21,366	2,606	14,984	1,041	86,406
Trade and other receivables	8.4	215,569	213,876	141,077	142,237	89,084	82,125
Insurance contract assets	2.2.1	5,101	5,968	-	-	-	-
Reinsurance contract assets	2.2.1	670	46,763	968	41,962	957	40,149
Financial assets at fair value	8.6	129,409	261,317	113,577	223,892	103,108	201,755
Deferred tax assets	6(c)	-	-	-	539	1,442	4,129
Current tax asset	6(b)	1,561	4,404	-	-	-	-
Prepayments		11,274	39,027	629	90,133	851	96,346
Other assets	8.5	15,000	20,122	30,000	48,619	-	24,209
Total Assets		**388,719**	**612,843**	**288,857**	**562,366**	**196,483**	**535,119**
Liabilities							
Trade and other payables	8.7	134,846	156,189	93,503	110,624	35,404	115,216
Insurance contract liabilities	2.2.1	28,303	180,033	7,597	143,110	7,305	142,039
Reinsurance contract liabilities	2	218	47	227	1,118	249	1,240
Current tax liabilities	6(b)	-	-	3,680	8,590	115	3,619
Provisions	8.8	8,240	8,240	3,811	3,811	4,172	4,172
Other contract liabilities	8.10	1,019	1,019	483	68,222	546	80,389
Deferred tax liabilities	6(c)	7,105	4,424	1,475	-	-	-
Total Liabilities		**179,731**	**349,952**	**110,775**	**335,475**	**47,791**	**346,675**
Net Assets		**208,988**	**262,891**	**178,082**	**226,891**	**148,692**	**188,444**
Equity							
Other reserves	8.11	25,307	25,307	25,307	25,307	25,307	25,307
Retained earnings		183,681	216,356	152,775	181,102	123,385	144,998
Equity attributable to owners of the Insurer		208,988	241,663	**178,082**	**206,409**	**148,692**	**170,305**
Non-controlling interest		-	21,228	-	20,482	-	18,139
Total equity		**208,988**	**262,891**	**178,082**	**226,891**	**148,692**	**188,444**

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17.

Statement of Changes in Equity

For the year ended 30 June 2024

		The Company			Consolidated			
	Note	General Reserves $000	Retained Earnings $000	Total $000	General Reserves $000	Retained Earnings $000	Non-controlling Interest $000	Total $000
Balance at 1 July 2022		**25,307**	**123,122**	**148,429**	**25,307**	**142,130**	**17,600**	**185,037**
Impact of initial application of AASB 17		-	263	263	-	2,868	539	3,407
Balance at 1 July 2022 (restated)		**25,307**	**123,385**	**148,692**	**25,307**	**144,998**	**18,139**	**188,444**
Profit/(loss) for the year		-	29,390	29,390	-	36,104	4,324	40,428
Total comprehensive income for the year (restated)		**-**	**29,390**	**29,390**	**-**	**36,104**	**4,324**	**40,428**
Dividend paid		-	-	-	-	-	(1,857)	(1,857)
Share purchase		-	-	-	-	-	(124)	(124)
Balance at 30 June 2023 (restated)		**25,307**	**152,775**	**178,082**	**25,307**	**181,102**	**20,482**	**266,891**
Balance at 1 July 2023 (restated)		**25,307**	**152,775**	**178,082**	**25,307**	**181,102**	**20,482**	**226,891**
Profit/(loss) for the year		-	30,906	30,906	-	35,254	3,944	39,198
Total comprehensive income for the year		**25,307**	**183,681**	**208,988**	**25,307**	**216,356**	**24,426**	**266,089**
Dividend paid		-	-	-	-	-	(3,198)	(3,198)
Share purchase		-	-	-	-	-	-	-
Balance at 30 June 2024		**25,307**	**183,681**	**208,988**	**25,307**	**216,356**	**21,228**	**262,891**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17.

Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 The Company $000	2024 Consolidated $000	Restated 2023 The Company $000	Restated 2023 Consolidated $000
Cash flows from operating activities					
Premium received		29,151	140,186	-	86,251
Reinsurance recoveries received		-	26,135	-	11,234
Reinsurance premiums paid		(1,995)	(24,118)	-	(18,354)
Management fees received		30,302	27,154	34,886	540,172
Dividends received		7,970	692	4,774	607
Interest and Trust distributions received		4,493	9,997	2,372	6,363
Other revenue received		54,383	48,473	16,790	16,473
Claim and other insurance service expenses paid		(9,600)	(96,607)	(492)	(59,145)
Acquisition costs paid		(2,901)	(3,806)	-	(2,167)
Mutual benefits paid		(18,500)	(18,500)	(16,734)	(16,734)
Management fees and other expenses paid		(49,851)	(44,885)	6,554	(578,941)
Income taxes paid		(9,491)	(22,861)	(4,157)	(9,039)
Net cash provided by/ (used in) operating activities	8.3.2	**33,961**	**41,860**	**43,993**	**(23,280)**
Cash flows from investing activities					
Proceeds from disposal of investments		130,035	244,793	177,238	324,331
(Payments for) investments		(129,013)	(249,619)	(216,875)	(367,825)
(Payments for) / from acquisition of debtors from the Partnership		(17,454)	(17,454)	(22,791)	(22,791)
Net cash (used in) / provided by investing activities		**(16,432)**	**(22,280)**	**(62,428)**	**(66,285)**
Drawdown of Bank Loan facility		10,000	10,000	10,000	10,000
Repayment of Bank Loan facility		(10,000)	(10,000)	-	-
Loan advanced from/(to) related parties		(10,000)	(10,000)	10,000	10,000
Dividends paid to non-controlling interests		-	(3,198)	-	(1,857)
Net cash provided by financing activities		**(10,000)**	**(13,198)**	**20,000**	**18,143**
Net (decrease)/ increase in cash and cash equivalents		**7,529**	**6,382**	**1,565**	**(71,422)**
Cash and cash equivalents at the start of the financial year		**2,606**	**14,984**	**1,041**	**86,406**
Cash and cash equivalents at the end of the financial year	8.3.1	**10,135**	**21,366**	**2,606**	**14,984**

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17.

Notes to the Financial Statements

For the year ended 30 June 2024

1. Overview

Reporting Entity

The consolidated financial report of Employers Mutual Limited (the "Company") as at and for the year ended 30 June 2024 comprises the Company and its controlled subsidiaries (together referred to as the "Group"). Employers Mutual Limited is a public company limited by guarantee, domiciled in Australia.

The Group is a for-profit entity. Certain persons and corporations may be eligible for membership as per the Employers Mutual Limited Constitution. Admittance to membership of Employers Mutual Limited is at the Board's sole discretion.

The financial report was authorised for issue by the Directors on 4 September 2024.

Statement of Compliance

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and other authoritative pronouncements of the Australian Accounting Standards Board.

International Financial Reporting Standards (IFRS) refer to the overall framework of Standards and pronouncements approved by the International Accounting Standards Board (IASB). IFRS forms the basis of the AASBs. This financial report complies with IFRS Accounting Standards.

Basis of Preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied consistently to all periods presented by the Group.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The financial report is presented in Australian dollars, which is the Group's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and, in accordance with that ASIC instrument, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars unless otherwise stated.

This report is prepared on a historical cost basis as modified by certain exceptions, the most significant of which are the measurement of investments at fair value and the measurement of insurance contract assets and liabilities and reinsurance contract assets and liabilities held at present value.

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

The principal accounting policies adopted in the preparation of the financial report are set out in the notes to the financial statements. These policies have been applied consistently to all periods presented and by each consolidated entity.

Where necessary, comparative information has been restated to conform to the current year's accounting policies.

Notes to the Financial Statements (continued)

2. Underwriting Activities

Definitions and Classifications

Contracts under which the Group accepts significant insurance risk from the policyholder or another party by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk transferred from the holder of a contract to the issuer.

The Group holds reinsurance contracts to mitigate certain risk exposures. A reinsurance contract is an insurance contract issued by a reinsurer to compensate the Group for claims arising from one or more insurance contracts issued by the Group. The Group holds Quota Share and Excess of Loss (XOL) reinsurance contracts. The Company issues Quota Share reinsurance contract to HII for financial year 2024.

New Accounting Standards and Amendments

The AASB adopted the new Accounting Standard "AASB 17 Insurance Contracts" in July 2017. Subsequently, the IASB issued Amendments to IFRS 17 which deferred the effective date from 1 January 2021 to 1 January 2023 and resulted in amendments to the Standard. These amendments were then adopted by the AASB from January 2023.

AASB 17 establishes new accounting requirements for insurance contracts. The new Standard was adopted in accordance with its transitional provisions, which require retrospective application and restatement of comparative information as if AASB 17 had always been in effect. The Group has determined that it will adopt the full retrospective approach and retrospectively restate the comparative information for the year ended 30th June 2023.

Measurement of Insurance Contracts

Level of Aggregation

The Group is a mono-line insurer that underwrites workers compensation policies in New South Wales in specific industries under two specialised insurer licenses. The insurance contracts written by the Group all have similar risks but are managed together and hence have been aggregated into a single portfolio. Accordingly, it has been determined that there is a single portfolio of insurance contracts for the Group under AASB 17.

Measurement Models

AASB 17 introduces the General Measurement Model (GMM) for accounting for insurance contracts. Under the GMM the liability for remaining coverage (representing future insurance coverage) is based on fulfilment cash flows (being the present value of expected future cash flows plus a risk adjustment) and a contractual service margin (being the unearned profit that is recognised in the profit or loss over the coverage period of the insurance contract).

The Standard also allows for the use of an alternative simplified measurement method, the Premium Allocation Approach, (PAA), which is similar to the current basis on which general insurance is accounted for under AASB1023. The PAA can be applied when one of two conditions is met. One of these conditions is that the coverage period of each insurance contract is one year or less. The Group satisfies this condition for all of its insurance contracts and, accordingly, the Group has applied the simplified PAA measurement method to measure its insurance liabilities for remaining coverage under the new Standard.

Acquisition Cash Flows

Acquisition cash flows are required to be deferred except where the coverage period of the insurance contract is one year or less, in which case an entity can elect to expense these. As the Group satisfies the coverage period condition, it has exercised the option to defer the work levies and expense its commission expenses and broker incentive fees as incurred.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

Reinsurance contracts

Level of Aggregation

The Group holds two types of reinsurance contracts, being Quota Share and Excess of Loss. The two have similar risks and are managed together, being purchased to complement one another. Accordingly, it has been determined that there is a single portfolio of reinsurance contracts held for the Group.

Measurement Models

Both the Quota Share and Excess of Loss reinsurance contracts held by the Group are risk attaching and therefore have a coverage period of up to two years. This means they do not automatically satisfy the coverage period condition to qualify for use of the simplified PAA measurement method.

The other condition for use of the simplified PAA measurement method is that the entity reasonably expects that the resulting measurement under the PAA method would not differ materially from the result under the GMM method. The Group has engaged its Appointed Actuary to assist with the analysis and the results confirm that the PAA does not differ materially from the GMM. Accordingly, the simplified PAA measurement method is used to measure the Group's reinsurance contracts assets.

Onerous Contracts

AASB17 requires the identification of "groups" of onerous contracts that are to be determined at a more granular level of aggregation than the level at which the liability adequacy test was performed under AASB1023.

Under the simplified measurement approach AASB 17 stipulates that insurance contracts are assessed at commencement of the group for onerousness based on facts and circumstances at that time. After initial recognition, any subsequent change is just booked as reserves as part of normal actuarial valuation process.

The Group assesses the future expected profitability of insurance contracts using the pricing analysis prepared by the Appointed Actuary annually. The pricing analysis and the subsequent reporting is undertaken at the Workers Compensation Industry Classification (WIC) code level. Accordingly, the Group frequently reviews whether insurance contracts are expected to be onerous, have no significant possibility of becoming onerous, or would be in an 'other' category at a WIC code level.

Should any of the WIC code groups be found to be onerous, the expected loss will be measured based on an estimation of fulfilment cash flows and the loss will be recognised in the Statement of Comprehensive Income. The loss may be mitigated somewhat by applicable reinsurance contracts and hence the related loss recovery component from reinsurance recoveries will be recognised (equal to the loss component related to contracts issued after the reinsurance was acquired multiplied by the quota share or excess of loss recovery rate).

Risk Adjustment

Under AASB 17, a risk adjustment will be applied to the insurance contract liabilities. This replaces the risk margin applied under AASB 1023.

The risk adjustment reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk. It differs to the risk margin, which reflected the inherent uncertainty in the net discounted central estimate. For contracts measured under the Premium Allocation Approach, unless the contracts are onerous, an explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims. The Group has determined the risk adjustment using a cost of capital approach. It has been determined that the Group requires a risk adjustment commensurate with a confidence level of 75% (2023: 75%). This risk adjustment is applied to the net present value of future cash flows in relation to the outstanding insurance liabilities and reinsurance assets (included in the liability for incurred claims and assets for incurred claims respectively). The risk adjustment also reflects the benefit from the diversification of risk across various portfolios within the Group.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

Discounting

AASB 1023 in the past required the net central estimate to be discounted using risk free rates. AASB 17 requires estimates of future cash flows to be discounted to reflect the time value of money and liquidity characteristics of the Group's insurance contracts. The Group has allowed for an illiquidity premium to be included in the discount rates used as it believes the insurance liabilities are illiquid. A bottom-up approach has been applied to determine the discount rates used to discount insurance and reinsurance contract cash flows, which uses risk-free rates adjusted to reflect the liquidity characteristics of the insurance contracts.

The fulfilment cash flows within the insurance contract liabilities are expected to be discounted in line with a discount rate based on the risk-free yields available on Commonwealth Government Bonds, plus an illiquidity premium determined based on the spread of A rated market traded corporate bonds, with an adjustment to remove credit risk.

The Group has separately presented in full the insurance finance expense (being the unwinding of the discounting impact and the changes in the discount rates) in the Statement of Comprehensive Income.

Presentation and Disclosure

AASB 17 introduces changes to the presentation and disclosure of insurance line items in the financial statements, introducing new line items on the Statement of Comprehensive Income and Statement of Financial Position and increased disclosure compared to previous requirements under AASB 1023.

Insurance contract liabilities under AASB17 includes all cash flows that directly relate to the fulfilment of insurance contracts, including acquisition, claim handling and policy administration costs. It also includes directly attributable costs associated with insurance and reinsurance contracts that were previously recognised in Trade and Other Creditors in the Statement of Financial Position.

Transition

The Group has adopted the Full Retrospective Approach for transition of its insurance contracts issued and reinsurance contracts.

Financial Impact

The Group has completed the implementation of AASB17 and has restated comparative information for purposes of reporting as at 30 June 2024 and for the twelve months then ended.

The adoption of AASB 17 has resulted in an increase in Net Assets of the Group as at 1 July 2022 of $3.4m. This amount, being the cumulative retrospective effect of adoption, have been recognised as adjustments to the opening balance of Retained Earnings as shown in the Statement of Changes in Equity. The opening net assets impact mainly reflects increases from the application of the higher discount rates due to the inclusion of the illiquidity premium of $4.3m and the associated tax impact $0.9m.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.1 Insurance Revenue

Overview

Insurance revenue reflects the consideration the Group expects to be entitled to in exchange for providing insurance contract services. Insurance revenue mainly comprises premiums charged for providing insurance coverage, excluding any amounts that are repayable to policyholders in all circumstances (referred to as investment components) and taxes collected on behalf of third parties.

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Insurance revenue from contracts measured under the premium allocation approach	34,003	149,799	-	92,154
Insurance revenue	**34,003**	**149,799**	**-**	**92,154**

Material Accounting Policies

Basis of Accounting:

The measurement models applicable to measuring insurance and reinsurance contracts are described in Note 2. Insurance revenue under the premium allocation approach is an allocation of total expected premium to each period of coverage on the basis of the passage of time, or a pattern that reflects the expected timing of incurred insurance service expenses if the expected pattern of incidence of risk differs significantly from the passage of time.

2.1.1 Revenue and expense recognition

2.1.1.1 Insurance revenue

As the Group provides insurance services under a group of insurance contracts issued, it reduces its Liability for Remaining Coverage (LRC) and recognises insurance revenue, which is measured at the amount of consideration the Group expects to be entitled to in exchange for those services.

The Group recognises insurance revenue for the period based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence for new and existing groups.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.1.1.2 Insurance service expense

Insurance service expense arising from group insurance contracts issued comprises:

- changes in the liability for incurred claims related to claims and expenses incurred in the period excluding repayment of investment components;
- changes in the liability for incurred claims related to claims and expenses incurred in prior periods;
- other expenses incurred in the period directly attributable to insurance contracts; and
- amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expense and insurance contract revenue. The cost for broker incentive payments is incurred when the insurance contract is issued.

2.1.1.3 Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- amount recovered from reinsurers; and
- an allocation of the reinsurance expense paid.

The Group presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are deducted from the premiums to be paid to the reinsurer to determine the reinsurance expense which is then allocated to profit or loss.

2.1.1.4 Insurance finance income or expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2 Insurance and reinsurance contract assets and liabilities

Overview

Insurance contract liabilities represent the rights and obligations arising from insurance and reinsurance contracts issued, and comprise the following components:

- The liability for remaining coverage, being the obligation to provide future insurance services in relation to contracts in force at the balance date; and
- The liability for incurred claims, being the obligation to pay claims reported but not yet paid, IBNR and other incurred insurance service expenses such as claims handling costs.

Reinsurance contract assets represent the rights and obligations arising from reinsurance contracts held, and comprise the following components:

- The asset for remaining coverage, being the amounts that are expected to be recoverable from reinsurers in relation to future insured claims that have not yet been incurred; and
- Recoveries of incurred claims, being the amounts that are expected to be recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

	2024		2023 Restated	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Insurance contract liabilities	28,303	180,033	7,597	143,110
Less: Insurance contract assets	5,101	5,968	-	-
Add: Reinsurance contract liabilities	218	47	227	1,118
Less: Reinsurance contract assets	670	46,763	968	41,962
Net Insurance contract liabilities	**22,750**	**127,349**	**6,856**	**102,266**

Basis of Accounting

Insurance and reinsurance contracts must be measured using a general model, unless the contracts meet certain eligibility criteria, in which case the liability/asset for remaining coverage for those contracts may be measured using a simplified approach known as the Premium Allocation Approach. Contracts are eligible for the simplified approach if they have coverage periods of one year or less or if the liability for remaining coverage under that approach is not expected to materially differ from that under the general model.

The Group applies the Premium Allocation Approach to all of its insurance and reinsurance contracts on the basis that these eligibility requirements are met.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts

Insurance Contract Assets and Liabilities

2024 The Company	Liability for remaining coverage			Liability for incurred claims		
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000	$000
Opening liabilities	-	-	-	5,226	2,371	7,597
Net opening balance	**-**	**-**	**-**	**5,226**	**2,371**	**7,597**
Changes in the statement of comprehensive income						
Insurance revenue	**(34,003)**	**-**	**-**	**-**	**-**	**(34,003)**
Contracts valued using the full retrospective approach	(34,003)	-	-	-	-	(34,003)
Insurance service expenses	**2,652**	**-**	**-**	**27,602**	**2,363**	**32,617**
Incurred claims and other insurance service expenses	-	-	-	27,467	2,485	29,952
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	135	(122)	13
Amortisation of acquisition cash flows	2,652	-	-	-	-	2,652
Insurance Service Result	**(31,351)**	**-**	**-**	**27,602**	**2,363**	**(1,386)**
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	234	106	340
Total changes in the statement of comprehensive income	**(31,351)**	**-**	**-**	**27,836**	**2,469**	**(1,046)**
Cash Flows						
Premiums Received	29,151	-	-	-	-	29,151
Insurance Acquisition Cash Flows	(2,901)	-	-	-	-	(2,901)
Claims and other insurance service expenses paid	-	-	-	(9,600)	-	(9,600)
Total Cash Flows	**26,250**	**-**	**-**	**(9,600)**	**-**	**16,650**
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Net Closing Balance	**(5,101)**	**-**	**-**	**23,463**	**4,840**	**23,201**
Closing Assets	(5,101)	-	-	-	-	(5,101)
Closing Liabilities	-	-	-	23,463	4,840	28,303
Net Closing Balance	**(5,101)**	**-**	**--**	**23,463**	**4,840**	**23,201**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Insurance Contract Assets and Liabilities

2024 Consolidated	Liability for remaining coverage			Liability for incurred claims		
	Excluding loss component $000	Loss component $000	Acquisition cash flow assets $000	Estimates of present value of future cash flows $000	Risk Adjustment for non-financial risk $000	Total $000
Opening liabilities	3,232	-	-	125,492	14,386	143,110
Net opening balance	3,232	-	-	125,492	14,386	143,110
Changes in the statement of comprehensive income						
Insurance revenue	**(149,799)**	**-**	**-**	**-**	**-**	
Contracts valued using the full retrospective approach	(149,799)	-	-	-	-	(149,799)
Insurance service expenses	**4,220**	**-**	**-**	**130,133**	**3,039**	**137,392**
Incurred claims and other insurance service expenses	-	-	-	163,482	7,722	171,204
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	(33,349)	(4,683)	(38,032)
Amortisation of acquisition cash flows	4,220	-	-	-	-	4,220
Insurance Service Result	**(145,579)**	**-**	**-**	**130,133**	**3,039**	**(12,407)**
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	4,683	547	5,230
Total changes in the statement of comprehensive income	**(145,579)**	**-**	**-**	**134,816**	**3,586**	**(7,177)**
Cash Flows						
Premiums Received	140,186	-	-	-	-	140,186
Insurance Acquisition Cash Flows	(3,806)	-	-	-	-	(3,806)
Claims and other insurance service expenses paid	-	-	-	(96,607)	-	(96,607)
Total Cash Flows	**136,380**	**-**	**-**	**(96,607)**	**-**	**39,771**
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Other Movements	-	-	-	-	(1,639)	(1,639)
Net Closing Balance	**(5,968)**	**-**	**-**	**163,701**	**16,332**	**174,065**
Closing Assets	(5,968)	-	-	-	-	(5,968)
Closing Liabilities	-	-	-	163,701	16,332	180,033
Net Closing Balance	**(5,968)**	**-**	**-**	**163,701**	**16,332**	**174,065**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Insurance Contract Assets and Liabilities

2023 The Company (Restated)	Liability for remaining coverage			Liability for incurred claims		
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000	$000
Opening liabilities	-	-	-	5,025	2,280	7,305
Net opening balance	**-**	**-**	**-**	**5,025**	**2,280**	**7,305**
Changes in the statement of comprehensive income						
Insurance revenue	-	-	-	-	-	-
Contracts valued using the full retrospective approach	-	-	-	-	-	-
Insurance service expenses	-	-	-	706	97	803
Incurred claims and other insurance service expenses	-	-	-	388	-	388
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	318	97	415
Insurance Service Result	**-**	**-**	**-**	**706**	**97**	**803**
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	(13)	(6)	(19)
Total changes in the statement of comprehensive income	**-**	**-**	**-**	**693**	**91**	**784**
Cash Flows						
Premiums Received	-	-	-	-	-	-
Insurance Acquisition Cash Flows	-	-	-	-	-	-
Claims and other insurance service expenses paid	-	-	-	(492)	-	(492)
Total Cash Flows				**(492)**	**-**	**(492)**
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Net Closing Balance	**-**	**-**	**-**	**5,226**	**2,371**	**7,597**
Closing Assets	-	-	-	-	-	-
Closing Liabilities	-	-	-	5,226	2,371	7,597
Net Closing Balance	**-**	**-**	**-**	**5,226**	**2,371**	**7,597**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Insurance Contract Assets and Liabilities

2023 Consolidated (Restated)	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000	$000
Opening liabilities	8,858	-	-	117,800	15,381	142,039
Net opening balance	8,858	-	-	117,800	15,381	142,039
Changes in the statement of comprehensive income	-	-	-	-	-	-
Insurance revenue	**(92,154)**	**-**	**-**	**-**	**-**	**(92,154)**
Contracts valued using the full retrospective approach	(92,154)	-	-	-	-	(92,154)
Insurance service expenses	**2,444**	**-**	**-**	**65,547**	**177**	**68,168**
Incurred claims and other insurance service expenses	-	-	-	100,557	5,430	105,987
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	(35,010)	(5,253)	(40,263)
Amortisation of Acquisition Cash Flows	2,444	-	-	-	-	2,444
Insurance Service Result	**(89,710)**	**-**	**-**	**65,547**	**177**	**(23,986)**
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	1,290	207	1,497
Total changes in the statement of comprehensive income	**(89,710)**	**-**	**-**	**66,836**	**385**	**(22,489)**
Cash Flows						
Premiums Received	86,251	-	-	-	-	86,251
Insurance Acquisition Cash Flows	(2,167)	-	-	-	-	(2,167)
Claims and other insurance service expenses paid	-	-	-	(59,145)	-	(59,145)
Total Cash Flows	**84,084**	**-**	**-**	**(59,145)**	**-**	**24,939**
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Other Movements	-	-	-	-	(1,380)	(1,380)
Net Closing Balance	**3,232**	**-**	**-**	**125,492**	**14,386**	**143,110**
Closing Assets	-	-	-	-	-	-
Closing Liabilities	3,232	-	-	125,492	14,386	143,110
Net Closing Balance	**3,232**	**-**	**-**	**125,492**	**14,386**	**143,110**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2024 The Company	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000
Opening assets	-	-	674	294	968
Opening liabilities	(227)	-	-	-	(227)
Net opening balance	**(227)**	**-**	**674**	**294**	**741**
Changes in the statement of comprehensive income					
Reinsurance expenses (ceded premiums) for reinsurance service received	(1,986)	-	-	-	(1,986)
Recoveries of incurred claims including other insurance expenses	-	-	-	110	110
Changes relating to past service	-	-	(214)	(99)	(313)
Insurance Service Result	**(1,986)**	**-**	**(214)**	**11**	**(2,189)**
Finance income/(expenses) from reinsurance contracts recognised in the statement of comprehensive income	-	-	2	(97)	(95)
Total changes in the statement of statement of comprehensive income	**(1,986)**	**-**	**(212)**	**(86)**	**(2,284)**
Cash Flows					
Premiums paid	1,995	-	-	-	1,995
Amounts received from reinsurers relating to incurred claims	-	-	-	-	-
Total Cash Flows	**1,995**	**-**	**-**	**-**	**1,995**
Net Closing Balance	**(218)**	**-**	**462**	**208**	**452**
Closing Assets	-	-	462	208	670
Closing Liabilities	(218)	-	-	-	(218)
Net Closing Balance	**(218)**	**-**	**462**	**208**	**452**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2024 Consolidated	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000
Opening assets	-	-	37,989	3,973	41,962
Opening liabilities	(1,118)	-	-	-	(1,118)
Net opening balance	**(1,118)**	**-**	**37,990**	**3,973**	**40,845**
Changes in the statement of comprehensive income					
Reinsurance expenses (ceded premiums) for reinsurance service received	(23,047)	-	-	-	(23,047)
Recoveries of incurred claims including other insurance expenses	-	-	22,404	(1,325)	21,079
Changes relating to past service	-	-	7,410	1,047	8,457
Insurance Service Result	**(23,047)**	**-**	**29,814**	**(278)**	**6,489**
Finance income from reinsurance contracts recognised in the statement of comprehensive income	-	-	1,250	149	1,399
Total changes in the statement of comprehensive income	**(23,047)**	**-**	**31,064**	**(129)**	**7,888**
Cash Flows					
Premiums paid	24,118	-	-	-	24,118
Amounts received from reinsurers relating to incurred claims	-	-	(26,135)	-	(26,135)
Total Cash Flows	**24,118**	**-**	**(26,135)**	**-**	**(2,017)**
Net Closing Balance	**(47)**	**-**	**42,919**	**3,844**	**46,716**
Closing Assets	-	-	42,919	3,844	46,763
Closing Liabilities	(47)	-	-	-	(47)
Net Closing Balance	**(47)**	**-**	**42,919**	**3,844**	**46,716**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2023 The Company	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000
Opening assets	-	-	666	291	957
Opening liabilities	(249)	-	-	-	(249)
Net opening balance	**(249)**	**-**	**666**	**291**	**708**
Changes in the statement of comprehensive income					
Reinsurance expenses (ceded premiums) for reinsurance service received	22	-	-	-	22
Recoveries of incurred claims including other insurance expenses	-	-	52	-	52
Changes relating to past service	-	-	(26)	-	(26)
Insurance Service Result	**22**	**-**	**26**	**-**	**48**
Finance income from reinsurance contracts recognised in the statement of comprehensive income	-	-	(18)	3	(15)
Total changes in the statement of comprehensive income	**22**	**-**	**8**	**3**	**33**
Cash Flows					
Premiums paid	-	-	-	-	-
Amounts received from reinsurers relating to incurred claims	-	-	-	-	-
Total Cash Flows	**-**	**-**	**-**	**-**	**-**
Net Closing Balance	**(227)**	**-**	**674**	**294**	**741**
Closing Assets	-	-	674	294	968
Closing Liabilities	(227)	-	-	-	(227)
Net Closing Balance	**(227)**	**-**	**674**	**294**	**741**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2023 Consolidated	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	$000	$000	$000	$000	$000
Opening assets	-	-	35,886	4,263	40,149
Opening liabilities	(1,240)	-	-	-	(1,240)
Net opening balance	**(1,240)**	**-**	**35,886**	**-**	**38,909**
Changes in the statement of comprehensive income					
Reinsurance expenses (ceded premiums) for reinsurance service received	(18,231)	-	-	-	(18,231)
Recoveries of incurred claims including other insurance expenses	-	-	10,939	1,215	12,154
Changes relating to past service	-	-	2,070	(1,570)	500
Insurance Service Result	**(18,231)**	**-**	**13,009**	**(355)**	**(5,577)**
Finance income from reinsurance contracts recognised in the statement of comprehensive income	-	-	328	65	393
Total changes in the statement of comprehensive income	**(18,231)**	**-**	**13,337**	**(290)**	**(5,184)**
Cash Flows					
Premiums paid	18,354	-	-	-	18,354
Amounts received from reinsurers relating to incurred claims	-	-	(11,234)	-	(11,234)
Total Cash Flows	**18,353**	**-**	**(11,234)**	**-**	**7,119**
Net Closing Balance	**(1,118)**	**-**	**37,898**	**3,973**	**40,844**
Closing Assets	-	-	37,989	3,973	41,962
Closing Liabilities	(1,118)	-	-	-	(1,118)
Net Closing Balance	**(1,118)**	**-**	**37,989**	**3,973**	**40,844**

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Basis of Accounting:

The asset or liability for remaining coverage under the Premium Allocation Approach is measured as premiums received net of unamortised acquisition cash flows and amounts recognised as insurance revenue for coverage that has been provided. Insurance acquisition cash flows are amortised over the coverage period of the related insurance contracts on the same basis as the insurance revenue earning pattern for the business to which the cash flows relate. The liability for remaining coverage is not discounted where the time between providing each part of the services and the related premium due date is no more than a year.

The liability for incurred claims (and corresponding recoveries of incurred claims) is measured as the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) relating to incurred claims and attributable expenses that have not yet been paid, including claims that have been incurred but not yet reported.

2.2.2 Actuarial assumptions and method

Actuarial assumptions

The key actuarial assumptions for the determination of the Liability for Incurred Claims (LIC) as defined in Note 2.2.3 are as follows:

	2024				2023	
	Workers Compensation Company Run-off	Underwritten Workers Compensation Company Trinity*	Underwritten Workers Compensation Company Inwards Reinsurance *	Underwritten Workers Compensation HII	Underwritten Workers Compensation HII	Workers Compensation Company Run-off
Average term to settlement years	7.44	3.11	2.98	4.85	7.58	6.35
Average claim sizes $	35,346	n/a	24,766	30,126	32,918	28,288
Expense rate	5.40%	14.6%	1.00%	9.32%	5.40%	6.24%
Discount rate	4.89%	4.70%	4.85%	4.81%	4.82%	4.84%

**These portfolios commenced to be underwritten on 30 June 2023 and there were no claims in 2023. Accordingly, the prior year comparatives are nil.*

Process used to determine actuarial assumptions

A description of the processes used to determine the key actuarial assumptions is provided below:

Future number of workers compensation claims

For asbestos claims in the Employers Mutual Limited run-off portfolio, estimated future numbers of claims are based on the assumed latency period of the Company's exposures and the Company's assumed level of asbestos exposure relative to the industry. The key assumptions are the number of claims expected to be reported in 2024/2025, the future period over which reporting will occur as well as the period at which the peak for reporting occurs. Due to the relatively small size of the Company's asbestos exposures, external benchmarks regarding the peak period and the pattern of future reporting have been considered.

For all other claim types, future claim numbers have been estimated based on the "decay rate" of claim reports for each claim type observed in recent years.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.2 Actuarial assumptions and method (continued)

Average claim size for workers compensation claims

The average claim size for each portfolio have been based on:

- For the Company's runoff portfolio: a review of the Company's historical settlement experience.
- For Trinity Insurance: an assumed loss ratio used to determine the ultimate claims cost divided by an assumed frequency.
- For HII: future losses have been estimated based on assumed average claim sizes, claim frequencies and assumed payment development patterns. Separate projections are carried out for the weekly, medical, lump sum, common law, recoveries, legal, investigation and other benefit types. These assumptions have been based on analysis of the HII's claims experience.

Average term to settlement – underwritten workers compensation

For Employers Mutual Limited run-off claims and HII a payment pattern has been selected based on the Group's historical experience. For Trinity a payment pattern has been selected based on HII's historical experience. These assumptions imply an average discounted term to settlement as shown in the assumptions above.

Expense rate

For the Employers Mutual Limited run-off portfolio the adopted claims handling expense rates were based on the schedule of expenses agreed between the Company and the Partnership.

For HII and Trinity, claims handling expense rates were based on the schedule of expenses agreed with Employers Mutual Management Pty Ltd, the outsourced service provider.

Discount rate

The central estimates of the LIC of all portfolios in the Group were discounted to allow for future investment income attributable to the asset required to cover the liabilities during the run-off period. The future investment earnings assumptions are estimates of the future annual risk free rates of return adjusted to reflect the liquidity characteristics of the insurance contracts. They have been based on the yield curve on Australian Government Bonds as at 30 June 2024.

The illiquidity premium within discount rates is derived based on the long-term weighted average credit spread of a reference portfolio of assets and weighted average duration as the related insurance liabilities over the longer term. The effect of credit risk and other factors that are not relevant to the liquidity characteristics of insurance contracts is eliminated to estimate the portion of the spread that reflects the illiquidity premium

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.2 Actuarial assumptions and method (continued)

Sensitivity analysis

The LIC included in the reported results are calculated based on the key actuarial assumptions as disclosed above. The movement in any of the above key actuarial assumptions will impact the performance and equity of the Group. The table below describes how a change in each of the assumptions will affect the LIC.

2024 Key actuarial assumptions	Changes	Impact on profit and loss $000
All classes Employers Mutual Limited		
Expense rate	1% / -1%	(250) / 250
Discount rate	1% / -1%	1,067 / (1,191)
Run-off Gross average claim size	10% / -10%	(619) / 619
Run-off Number of future claims reported	10% / -10%	(614) / 614
Trinity Initial loss ratio	10% / -10%	(2,168) / 2,168
Inwards Re Gross average claim size	10% / -10%	(301) / 301
All classes HII		
Expense rate	1% / -1%	922 / (922)
Discount rate	1% / -1%	4,025 / (4,501)
Average claim size	10% / -10%	(10,363) / 10,363
Term to settlement	10% / -10%	1,944 / (2,050)

2023 Key actuarial assumptions	Changes	Impact on profit and loss $000
All classes Employers Mutual Limited*		
Expense rate	+1% / -1%	(64) / 64
Normal inflation rate	+1% / -1%	(613) / 613
Discount rate	+1% / -1%	536 / (536)
Gross average claim size	+10% / -10%	(606) / 606
Number of future claims reported	+10% / -10%	(601) / 601
All classes HII		
Expense rate	+1% / -1%	788 / (788)
Discount rate	+1% / -1%	4,312 / (4,833)
Average claim size	+10% / -10%	(8,936) / 8,936
Term to settlement	+10% / -10%	2,221 / (2,243)

* Relates to run-off only

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3 Liability for Incurred Claims

Overview

Estimation of liability for incurred claims (LIC)

The LIC is required to include all future cash flows related to past service. Therefore, it needs to include:

- Current outstanding claims liabilities, including:
- A central estimate of gross costs for reported but unprocessed and unpaid claims, including expected future development on these claims.
- A central estimate of gross costs for incurred but not reported (IBNR) claims.
- A central estimate of expected third party recoveries for both reported and IBNR claims.
- An allowance for claims handling expenses (CHE) for both reported and IBNR claims.
- An attributable share of overhead and maintenance costs for both reported and IBNR claims.
- A risk adjustment for non-financial risk.
- Processed but unpaid claims.
- Third-party recoveries agreed but not yet received.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The general approach to actuarial estimation of insurance liabilities is to analyse all available past experience, including numbers of reported, active and finalised claims, amounts of claim payments, changes in case estimates and incurred loss ratios. This analysis allows patterns to be identified in the past experience. Based on this, development patterns associated with the run-off of outstanding claims can be estimated.

The actuarial techniques used to estimate the insurance contract liabilities were as follows:

- Employers Mutual Limited run-off portfolio – the liabilities for unprocessed and unpaid claims were estimated based on outstanding case estimates and the liability for IBNR claims were estimated using a claim number multiplied by claim size approach.
- Trinity Portfolio – outstanding claims were determined using a loss ratio approach. An assumed loss ratio was multiplied by the premium collected. An adjustment was made for claim payments already made.
- For the underwritten workers compensation portfolio in HII, the outstanding claims liabilities were estimated using an Individual Claim Annuity methodology, the Payment per Active Claim and Payment per Claim Incurred methodologies and a common law utilisation module. The Individual Claim Annuity methodology projects weekly benefits based on characteristics specific to individual claims. The Payment per Active Claim methodology uses projections of active claims (i.e. the number of claims expected to receive weekly and medical benefit payments in the future) and expected average payments of weekly and medical benefits for those active claims. The Payment per Claim Incurred methodology uses average claim sizes, claim frequencies and patterns for the payment of claims for the lump sum, recoveries and legal, investigation and other benefit types. The common law utilisation model uses projections of common law claim lodgements, finalisations and average settlement sizes.
- Inwards Reinsurance of HII – the inwards reinsurance of HII is a quota share arrangement. Therefore, a proportion of the HII liability was taken for the relevant reinsured periods.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3 Liability for Incurred Claims (continued)

The methods used to analyse past claims experience and to project future claims experience are largely determined by the available data and the nature and maturity of the portfolios.

Provisions are calculated gross of all recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers and other sources of recovery based upon the gross provisions.

2.2.3.1 Liability for Incurred Claims

				Restated	
		2024		2023	
		The Company	Consolidated	The Company	Consolidated
		$000	$000	$000	$000
(a)	Liability for Incurred Claims				
	Liability for Incurred Claims - Current	7,856	48,844	548	34,485
	Liability for Incurred Claims - Non-Current	20,447	131,189	7,049	105,392
	Total	**28,303**	**180,033**	**7,597**	**139,877**
	Undiscounted Central estimate	26,331	191,046	7,445	140,526
	Undiscounted Risk adjustment	6,616	21,034	3,559	19,986
	Undiscounted Claims Handling allowance	2,536	14,332	402	6,862
	Discount to present value	(7,687)	(46,189)	(3,920)	(27,272)
	Adjustment for (receivable)/payable	507	(190)	111	(225)
	Liability for Incurred Claims	**28,303**	**180,033**	**7,597**	**139,877**

2.2.3.2 Inflation and discount rates used

The following average annual inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims and recoveries for the succeeding and subsequent financial years:

	2024 Employers Mutual Limited	2024 Hospitality Industry Insurance Limited	2023 Employers Mutual Limited	2023 Hospitality Industry Insurance Limited
For the succeeding and subsequent years:				
Average Weekly Earnings (AWE) inflation	3.44%	3.30%	3.50%	3.35%
CPI inflation rate	2.55%	2.55%	n/a	2.55%
Superimposed inflation rate*	1.83%	2.00%	1.75%	2.00%
Discount rate	4.78%	4.85%	4.82%	4.85%

* The superimposed inflation assumption applies to medical claims and dust disease claims cost

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.3 Weighted average term to settlement

The weighted average expected term to settlement of the outstanding claims from balance date is as follows.

The Company	2024				2023
	WC Run-off	Trinity	Inwards Re	Combined	WC Run-off
Discounted average term to settlement	7.44	3.11	2.98	3.99	7.58

Consolidated	2024				2023		
	HII	WC Run-off	Trinity	Combined	HII	WC Run-off	Combined
Discounted average term to settlement	3.98	7.44	3.11	3.99	5.12	7.58	5.21

2.2.3.4 Risk Adjustment

Process used to determine the risk adjustment

The risk adjustment is an additional allowance for uncertainty in the ultimate cost of claims. The overall adjustment adopted is determined by the Board of each company after considering the uncertainty of each company at the portfolio level as determined in Note 2.2.2, industry trends and each company's risk appetite.

To determine the adjustment adopted, the Appointed Actuary has in each instance reviewed the factors impacting the portfolio to establish a recommended margin at the level required by the Boards. Factors considered include:

- Variability of claims experience of the portfolio
- Quality of historical data
- Diversification between different classes within the portfolio

The level of uncertainty varies between classes of business. As such, the adopted adjustment varies between business classes. The adjustment is applied to the gross central estimate with the appropriate reinsurance recoveries provided.

The aggregate risk adjustment, after diversification allowance, is intended to approximate a 75% probability of sufficiency.

The risk adjustments applied to the portfolio for a 75% level of sufficiency are:

The Company	2024				2023
	WC Run Off	Trinity	Inwards Re	Combined	WC Runoff
Liability for incurred claims	45.0%	14.4%	12.3%	20.6%	45.4%
Reinsurance asset for incurred claims	45.0%	14.4%	n/a	20.6%	45.4%
Liability for remaining coverage	n/a	14.6%	16.4%	14.7%	n/a
Reinsurance asset for remaining coverage	n/a	14.6%	n/a	14.7%	n/a

% of net central estimate including CHE and policy admin expenses, excluding RI expenses.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.4 Risk Adjustment (continued)

Consolidated	2024			2023	
	HII	WC Runoff	Trinity	HII	WC Runoff
Liability for incurred claims	11.2%	45.0%	14.4%	12.2%	45.4%
Reinsurance asset for incurred claims	11.2%	45.0%	14.6%	12.2%	45.4%
Liability for remaining coverage	11.6%	n/a	14.6%	13.1%	n/a
Reinsurance asset for remaining coverage	11.6%	n/a	14.6%	13.1%	n/a

% of net central estimate including CHE and policy admin expenses, excluding RI expenses.

2.2.3.5 Reconciliation of Changes in Discounted Liability for Incurred Claims

The Company	2024			2023		
	Gross $000	Reinsurance $000	Net $000	Gross $000	Reinsurance $000	Net $000
Balance at 1 July	7,597	968	6,629	7,305	957	6,348
Current claims incurred	24,808	-	24,808	-	-	-
Change in previous years' claims	353	(271)	624	396	10	386
Current year claims paid/reinsurance recovered	(4,594)	-	(4,594)	-	-	-
Previous year claims paid/reinsurance recovered	(368)	-	(368)	(105)	-	(105)
Adjustment for receivable/(payable)	507	(27)	534	1	1	-
Discounted Liability for Incurred Claims	28,303	670	27,633	7,597	968	6,629

Consolidated	2024			2023		
	Gross $000	Reinsurance $000	Net $000	Gross $000	Reinsurance $000	Net $000
Balance at 1 July	139,877	41,962	97,915	133,181	40,149	93,032
Current claims incurred	92,793	15,717	77,076	56,045	15,357	40,688
Change in previous years' claims	(25)	2,026	(2,051)	(11,675)	(2,627)	(9,048)
Current year claims paid/reinsurance recovered	(19,443)	(3,825)	(15,618)	(11,673)	(3,502)	(8,171)
Previous year claims paid/reinsurance recovered	(33,204)	(9,851)	(23,353)	(25,960)	(7,757)	(18,203)
Adjustment for receivable/(payable)	35	734	(699)	(41)	342	(383)
Discounted Liability for Incurred Claims	180,033	46,763	133,270	139,877	41,962	97,915

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.6 Claims development table

Claims development tables are disclosed in order to put the claims estimates included in the financial statements into a context allowing comparison of those claims estimates with the claims results seen in previous years. In effect, the table highlights the Group's ability to provide an estimate of the total value of claims. The top part of the table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims for a particular accident year have changed at subsequent reporting year-ends. The lower part of the table provides a reconciliation of the total reserve included in the Statement of Financial Position and the estimates of cumulative claims.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.6 Claims development table (continued)

2024 Company	Underwriting Year		
	Prior	2024	Total
Outstanding Claims	$'000	$'000	$'000
Jun-03	5,072		5,072
Jun-04	5,110		5,110
Jun-05	7,296		7,296
Jun-06	14,436		14,436
Jun-07	17,151		17,151
Jun-08	19,627		19,627
Jun-09	18,600		18,600
Jun-10	17,929		17,929
Jun-11	18,639		18,639
Jun-12	16,525		16,525
Jun-13	17,240		17,240
Jun-14	17,162		17,162
Jun-15	15,804		15,804
Jun-16	15,268		15,268
Jun-17	14,527		14,527
Jun-18	13,578		13,578
Jun-19	12,811		12,811
Jun-20	11,317		11,317
Jun-21	11,170		11,170
Jun-22	10,609		10,609
Jun-23	11,023		11,023
Jun-24	11,942	23,119	35,060
Current estimate of ultimate claims cost	11,942	23,119	35,060
Cumulative payments*	4,867	4,594	9,461
Outstanding claims – undiscounted	7,075	18,525	25,600
Discount	2,578	2,702	5,280
Outstanding claims	4,497	15,823	20,320
Claims handling expense	268	1,906	2,174
Net risk adjustment	2,146	2,485	4,632
Total net outstanding claims liabilities	6,912	20,214	27,126
Reinsurance and other recoveries on outstanding claims liabilities	462	0	462
Reinsurance risk adjustment	208	0	208
Gross outstanding claims	7,582	20,214	27,796
Adjustment for receivable/(payable)	-	507	507
Total Liability for Incurred Claims	7,582	20,721	28,303

** Includes the payments made since 30 June 2003. Pre 1987 Workers Compensation reserve relates only to treaties written prior to 1987.*

** Includes Public Liability for Thoroughbred Racing Industry and Lawn Bowling Clubs, wound up in 2012/13 and 2015/16 respectively*

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.6 Claims development table (continued)

Consolidated Outstanding Claims	Underwriting Year											
	Pre 2015*	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Estimate of ultimate claims cost												
At the end of accident year	97,086	19,090	22,283	21,441	24,112	24,694	19,172	24,348	20,597	33,424	63,730	369,978
One year later	96,376	23,868	24,758	21,825	27,233	31,791	31,032	29,769	30,705	40,083		357,440
Two years later	92,433	22,282	22,269	19,644	26,255	38,602	34,384	28,249	30,628			314,747
Three years later	85,139	19,697	20,128	17,717	27,414	36,744	30,714	25,749				263,302
Four years later	81,446	17,127	20,048	17,478	26,910	38,469	33,235					234,712
Five years later	77,515	16,549	19,421	16,417	26,128	37,614						193,643
Six years later	71,145	16,809	18,683	15,720	23,158							145,514
Seven years later	69,967	17,043	18,359	15,917								121,286
Eight years later	69,914	15,806	17,838									103,557
Nine years later	70,094	15,198										85,292
Ten years later	69,294											69,294
Current estimate of ultimate claims cost	69,294	15,198	17,838	15,917	23,158	37,614	33,235	25,749	30,628	40,083	63,727	372,441
Cumulative payments*	61,286	14,730	16,367	12,558	18,990	24,214	20,458	16,554	16,866	17,051	12,992	232,066
Outstanding claims – undiscounted	8,008	468	1,471	3,359	4,168	13,400	12,777	9,195	13,762	23,032	50,735	140,375
Discount	2,792	110	264	892	849	4,817	3,648	1,463	2,156	3,584	7,329	27,904
Outstanding claims	5,216	358	1,207	2,467	3,319	8,583	9,129	7,732	11,606	19,448	43,406	112,471
Claims handling expense	268	0	0	0	0	0	43	384	1,184	3,435	7,507	12,821
Risk adjustment	1,733	35	116	238	320	829	881	747	1,121	1,878	4,591	12,489
Total net outstanding claims liabilities	7,217	393	1,322	2,705	3,639	9,412	10,053	8,863	13,911	24,761	55,504	137,781
Reinsurance and other recoveries on outstanding claims liabilities	770	153	594	1,711	1,429	3,886	4,565	3,314	4,974	8,335	8,499	38,230
Reinsurance risk adjustment	195	15	58	169	141	383	450	326	490	821	1,164	4,212
Gross Outstanding Claims	8,182	561	1,974	4,585	5,208	13,680	15,068	12,503	19,375	33,916	65,171	180,223
Adjustment for receivable/(payable)												(190)
Total Liability for Incurred Claims	8,182	561	1,975	4,585	5,209	13,680	15,069	12,503	19,375	33,915	64,790	180,033

** Includes the payments made since 30 June 2003. Pre 1987 Workers Compensation reserve relates only to treaties written prior to 1987. To demonstrate the development, the analysis has commenced from the projected ultimate claims at 30 June 2014.*

** Includes Public Liability for Thoroughbred Racing Industry and Lawn Bowling Clubs, wound up in 2012/13 and 2015/16 respectively*

Notes to the Financial Statements (continued)

3. Investment Activities

3.1 Net investment income

3.1.1 Net Investment income

	2024		2023	
	The Company $000	Consolidated $000	The Company $000	Consolidated $000
(a) Net income from financial instruments at FYTPL				
Profit on sale of investments	(483)	(1,130)	(750)	(1,751)
Unrealised investment gains	2,335	4,458	1,804	4,198
	1,852	**3,328**	**1,054**	**2,447**
(b) Other investment revenue				
Dividends:				
- other parties	519	702	458	632
- related parties	7,462	-	4,332	-
Trust Distributions	(1)	10	5	19
Interest:				-
- other parties	4,795	10,692	2,469	6,460
	12,775	**11,404**	**7,264**	**7,111**

Investment Revenue

Dividends and unit trust distributions are brought to account on the date that the underlying shares or units are quoted as ex-dividend or ex-distribution. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Investments

The Group holds assets required to cover the insurance liabilities plus an allowance for solvency.

The Group has determined that all assets relating to its insurance activities are held to support insurance liabilities. The Group's investment strategy considers the expected pattern of future cash flows arising from insurance liabilities.

The accounting policies applying to assets held related to insurance activities are that the Group values financial assets and any assets relating to insurance activities at fair value through profit and loss, with any resultant unrealised profits and losses recognised in the Statement of Comprehensive Income.

The valuation methodology of the assets valued at fair value is summarised below:

- cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn,
- shares, units in unit trusts and fixed interest securities are initially recognised at cost and the subsequent fair value is taken as the quoted bid price of the investment,
- unlisted investments are initially recognised at cost and subsequently valued using a valuation methodology.

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2 Financial instruments

Material Accounting Policies

Recognition and initial measurement

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent Measurement

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Financial assets not at amortised cost, are managed by the entity with the objective of realising cash flows through sale. Even though the entity may collect contractual cash flows while holding them, this is incidental to the entity's business model for these assets. The entity is primarily focused on fair value information relating to these assets and uses that information to assess their performance and to make decisions about them.

Derecognition

The Group derecognises a financial asset or part of it when, and only when, the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group generally derecognises a financial liability or part of it when, and only when, its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2 Financial instruments (continued)

the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income.

Impairment of financial assets

The Group recognises allowance for impairment for expected credit loss ("ECL") on financial assets and contract assets measured at amortised cost. The Group measures allowance for impairment at an amount equal to lifetime ECL, except for cash and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Allowance for impairment for receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

3.1.2 Financial instruments

The activities of the Group expose it to a variety of financial risks such as market risk (including cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Board and senior management of the Group have developed and maintain a Risk Management Strategy (RMS), which is discussed in more detail in Note 4. The Group's risk management framework recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The key objectives of the Group's asset and liability management strategy are to ensure sufficient liquidity is maintained at all times to meet the Group's obligations, including its settlement of insurance liabilities and, within these parameters, to optimise investment returns for policyholders and shareholders.

3.1.2.1 Market risk

(i) **Price risk**

The Group is exposed to price or market value risk on its investments in government and other public securities and shares in listed companies and unit trusts. To manage its price risk, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The potential impact of movements in the market value of securities on the Group's Statement of Comprehensive Income and Statement of Financial Position is shown in Note 3.1.2.1 (iii).

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk arising on interest bearing assets. Assets with floating rate interest expose the Group to cash flow interest rate risk. Fixed interest rate assets expose the Group to fair value interest rate risk. The Group's strategy is to invest in high quality, liquid fixed interest securities and cash and to actively manage duration. The investment portfolios are actively managed to achieve a balance between cash flow interest rate risk and fair value interest rate risk bearing in mind the need to meet the liquidity requirements of the insurance business.

The Group is also exposed to interest rate risk arising from long-term interest bearing liabilities.

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.1 Market risk (continued)

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets to interest rate risk and other price risk.

The Company	Carrying amount	Interest rate risk		Other price risk	
	$000	-1%	1%	-10%	10%
	AUD	Profit $000	Profit $000	Profit $000	Profit $000
2024					
Cash and Cash Equivalents	10,135	-	-	-	-
Bank Accepted Bills of Exchange	8,889	14	(14)	-	-
Government and Other Public Securities	56,403	2,434	(2,434)	(5,641)	5,641
Shares in Listed Securities and Unit Trusts	14,134	-	-	(1,413)	1,413
Floating Rate Notes	27,583	39	(39)	(2,758)	2,758
Reinsurance Contracts Assets	670	(7)	7	(67)	67
	117,814	**2,480**	**(2,480)**	**(9,879)**	**9,879**
2023					
Cash and Cash Equivalents	2,606	-	-	-	-
Bank Accepted Bills of Exchange	18,847	21	(21)	-	-
Government and Other Public Securities	36,851	1,822	(1,823)	(3,685)	3,685
Shares in Listed Securities and Unit Trusts	10,316	-	-	(1,032)	1,032
Floating Rate Notes	24,663	33	(33)	(2,466)	2,466
Reinsurance Contracts Assets	968	(10)	10	(97)	97
	94,251	**1,867**	**(1,867)**	**(7,280)**	**7,280**

Consolidated	Carrying amount	Interest rate risk		Other price risk	
	$000	-1%	1%	-10%	10%
	AUD	Profit $000	Profit $000	Profit $000	Profit $000
2024					
Cash and Cash Equivalents	21,366	-	-	-	-
Bank Accepted Bills of Exchange	20,747	31	(31)	-	-
Government and Other Public Securities	169,344	7,717	(7,717)	(16,934)	16,934
Shares in Listed Securities and Unit Trusts	19,219	-	-	(1,922)	1,922
Floating Rate Notes	52,006	77	(77)	(5,201)	5,201
Reinsurance Contracts Assets	46,763	(468)	468	(4,676)	4,676
	329,445	**7,357**	**(7,357)**	**(28,733)**	**28,733**
2023					
Cash and Cash Equivalents	14,984	1	(1)	-	-
Bank Accepted Bills of Exchange	31,793	26	(26)	-	-
Government and Other Public Securities	134,721	6,978	(6,978)	(13,472)	13,472
Shares in Listed Securities and Unit Trusts	15,021	-	-	(1,502)	1,502
Floating Rate Notes	42,357	60	(60)	(4,236)	4,236
Reinsurance Contracts Assets	41,962	(420)	420	(4,196)	4,196
	280,838	**6,645**	**(6,645)**	**(23,406)**	**23,406**

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.2 Credit risk exposures

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The Group's credit risk arises predominantly from investment activities, management fees receivable from claims management activities and premium receivable and reinsurance receivables arising from underwriting activities.

The Group is exposed to credit risk on insurance and reinsurance contracts as a result of exposure to individual clients, intermediaries or reinsurers. The Group does not have any material exposure to individual clients or intermediaries which would materially impact the operating profit. The credit risk to reinsurers is managed through the Group having a pre-determined policy on the appropriate rating a reinsurer must have to participate in the reinsurance programme.

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

As at 30 June 2024, except for credit exposure to reinsurance receivables and to the NSW Treasury through the Group's Investments, there are no significant concentrations of credit risk. As at 30 June 2024 the fair value of reinsurance receivables with Hannover Re amounted to $50 million (2023: $9.5 million) and Swiss Re amounted to $27.3 million (2023: $ 19.2 million). As at 30 June 2024 the fair value of investments held with NSW Treasury amounted to $29 million (2023: $26.5 million).

Ageing of the Group's trade and other receivables, reinsurance and other recoveries receivable is provided below. The amounts are aged according to their original due date.

2024 The Company	Trade and other receivables	Reinsurance and other recoveries receivable
	$000	$000
Neither past due nor impaired	213,832	670
Past due 0-30 days	1,437	-
Past due 31-120 days	300	-
More than 120 days	-	-

2024 Consolidated	Trade and other receivables	Reinsurance and other recoveries receivable
	$'000	$'000
Neither past due nor impaired	212,139	46,763
Past due 0-30 days	1,437	-
Past due 31-120 days	300	-
More than 120 days*	-	-

2023 The Company	Trade and other receivables	Reinsurance and other recoveries receivable
	$000	$000
Neither past due nor impaired	131,431	968
Past due 0-30 days	6,825	-
Past due 31-120 days	2,661	-
More than 120 days	160	-

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.2 Credit risk exposures (continued)

2023 Consolidated	Trade and other receivables	Reinsurance and other recoveries receivable
	$000	$000
Neither past due nor impaired	132,581	41,962
Past due 0-30 days	6,825	-
Past due 31-120 days	2,671	-
More than 120 days	160	-

The allowance for impairment loss at the end of the year was as follows:

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Balance at 1 July	-	58	-	101
Impairment loss/(write back) recognised	-	88	-	7
Amounts written off	-	(12)	-	(50)
Balance at 30 June	**-**	**135**	**-**	**58**

The table below provides information regarding credit exposure of the Group according to the S&P credit rating of the counterparties:

	AAA	AA	A	BBB	Not rated	Total
	$000	$000	$000	$000	$000	$000
2024 Company						
Cash and Cash Equivalents	-	9,703	432	-	-	10,135
Financial Assets – Interest Bearing	37,444	23,889	23,339	8,202	-	92,874
Trade and Other Receivables	147,646	-	4,490	12,416	51,017	215,569
Reinsurance Contracts Assets	-	670	-	-	-	670
Other Assets	15,000	-	-	-	11,274	26,274
	200,090	**34,262**	**28,261**	**20,618**	**62,291**	**345,522**
2024 Consolidated						
Cash and Cash Equivalents	-	18,861	2,505	-	-	21,366
Financial Assets – Interest Bearing	123,871	42,809	53,478	21,939	-	242,097
Trade and Other Receivables	147,646	-	4,489	12,416	49,325	213,876
Reinsurance Contracts Assets	-	45,500	1,263	-	-	46,763
Other Assets	17,403	-	-	-	41,746	59,149
	288,920	**107,170**	**61,735**	**34,355**	**91,071**	**583,251**

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.2 Credit risk exposures (continued)

	AAA $000	AA $000	A $000	BBB $000	Not rated $000	Total $000
2023 Company						
Cash and Cash Equivalents	-	1,347	1,259	-	-	2,606
Financial Assets – Interest Bearing	32,279	23,365	18,870	5,847	-	80,361
Trade and Other Receivables	100,725	26	5,511	8,169	26,646	141,077
Reinsurance Contracts Assets	-	968	-	-	-	968
SIRA Security Deposit & Prepayments	30,000	-	-	-	629	30,629
	163,004	**25,706**	**25,640**	**14,016**	**27,276**	**255,641**
2023 Consolidated						
Cash and Cash Equivalents	-	12,820	2,164	-	-	14,984
Financial Assets – Interest Bearing	116,952	36,194	40,705	15,020	-	208,871
Trade and Other Receivables	95,127	26	5,521	4,735	36,828	142,237
Reinsurance Contracts Assets	-	40,821	745	-	396	41,962
SIRA Security Deposit & Prepayments	46,303	-	-	-	90,133	136,436
	258,382	**89,861**	**49,135**	**19,755**	**127,357**	**544,490**

3.1.2.3 Liquidity risk

Liquidity risk is the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. The liquidity position is derived from operating cash flows, investment portfolios and access to outside sources of liquidity.

Management of liquidity risk includes assets and liability management strategies. The assets held to back insurance liabilities consist of fixed interest securities and other very high-quality securities which can generally be readily sold or exchanged for cash. The assets are managed so as to effectively match the maturity profile of the assets with the expected pattern of claims payments. The money market securities are restricted to investment grade securities with concentrations of investments managed as per the respective Investment Mandates. Details of the Group's financial assets are provided in Note 8.6.

	Less than 1 year $000	1-2 years $000	2-5 years $000	Over 5 years $000	Total $000
2024 Company					
Trade and Other Payables	134,846	-	-	-	134,846
Liability for Incurred Claims	7,858	4,089	7,952	8,404	28,303
	142,704	**4,089**	**7,952**	**8,404**	**163,149**
2024 Consolidated					
Trade and Other Payables	156,189	0	0	0	156,189
Liability for Incurred Claims	48,745	34,740	51,362	45,186	180,033
	204,934	**34,740**	**51,362**	**45,186**	**336,222**

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.3 Liquidity risk (continued)

	Less than 1 year $000	1-2 years $000	2-5 years $000	Over 5 years $000	Total $000
2023 Company					
Trade and Other Payables	93,503	0	0	0	93,503
Liability for Incurred Claims	545	657	1,969	4,426	7,597
	94,048	**657**	**1,969**	**4,426**	**101,100**
2023 Consolidated					
Trade and Other Payables	110,487	-	-	137	110,624
Liability for Incurred Claims	34,483	22,400	38,008	44,987	139,878
	144,970	**22,400**	**38,008**	**45,124**	**250,502**

3.1.2.4 Net fair values

The Group's financial assets and liabilities are carried in the Statement of Financial Position at amounts that approximate fair value.

The carrying amounts of all financial assets and liabilities are reviewed to ensure they are not in excess of the net fair value.

(i) Fair value hierarchy

The investments carried at fair value have been classified under the three levels of the IFRS fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for an identical instrument
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2024 Company				
Bank Accepted Bills of Exchange	-	8,889	-	8,889
Government and Other Public Securities	56,403	-	-	56,403
Shares in Listed Securities and Unit Trusts	14,134	-	-	14,134
Floating Rate Notes	27,583	-	-	27,583
	98,120	8,889	-	107,009

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.4 Net fair values (continued)

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2024 Consolidated				
Bank Accepted Bills of Exchange	-	20,747	-	20,747
Government and Other Public Securities	169,344	-	-	169,344
Shares in Listed Securities and Unit Trusts	19,220	-	-	19,220
Floating Rate Notes	52,006	-	-	52,006
	240,570	20,747	-	261,317

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2023 Company				
Bank Accepted Bills of Exchange	-	18,847	-	18,847
Government and Other Public Securities	36,851	-	-	36,851
Shares in Listed Securities and Unit Trusts	10,315	-	-	10,315
Floating Rate Notes	24,663	-	-	24,663
	71,829	**18,847**	**-**	**90,676**

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2023 Consolidated				
Bank Accepted Bills of Exchange	-	31,793	-	31,793
Government and Other Public Securities	134,721	-	-	134,721
Shares in Listed Securities and Unit Trusts	15,021	-	-	15,021
Floating Rate Notes	42,357	-	-	42,357
	192,099	**31,793**	**-**	**223,892**

Total unrealised gains and losses recognised in profit or loss have been included in investment revenue.

(ii) Valuation of Riverwise Pty Limited

Riverwise is an investment in unlisted shares that was impaired to $Nil in 2019. This investment is an area of accounting judgement as the shares are unlisted.

The impairment level was based on a value in use impairment review performed by management that assessed future cashflows and forecasts of results for a 4 year period that showed an overall projected trading loss. The position has not been revisited through a formal impairment review in the current year as the financial performance following the business restructure that occurred in Riverwise in the prior year has not improved to the levels expected.

Notes to the Financial Statements (continued)

4. Other income and operating expenses

Material Accounting Policies

Workers' compensation management fees

Revenue is measured based on the consideration specified in a contract with a customer in exchange for providing services to a customer, excluding amounts collected on behalf of third parties. Entities in the Group recognise revenue when they transfer control over a service to the customer.

The Group provides service at a point in time unless one of the following over time criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and

(c) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Contract Asset

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with Note 3.1.2.

Contract Liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

Other income – revenue from Partnership

The Company receives 50% of the profit from its Partnership with ASWIG Management Pty Ltd as Trustee for ASWIG Management Trust. The Partnership income is recognised as it accrues.

Workers' compensation statutory funds

The Group has been contracted to maintain statutory insurance funds for some external clients. The application of the statutory funds was restricted to the collection of premiums and the payment of claims, related expenses and other payments authorised under the relevant Acts. The Group is not liable for any deficiency in the funds or entitled to any surplus, nor does the group control or have capacity to control the statutory funds in terms of AASB 10 Consolidated Financial Statements. Accordingly, the statutory funds are of a separate and distinct nature. The income and expenses of the statutory funds are not consolidated in the Group's Statement of Comprehensive Income and the assets and liabilities of the statutory funds are not consolidated in the Group's Statement of Financial Position.

Estimation of workers compensation management fees

Owing to the complex calculations underlying the performance and incentive fees and the delays in statutory authorities providing the supporting data, judgement has been applied to estimates performance and incentive fees relating to the current financial year. The Directors, as at the date of this report, have applied the accounting policy in this note using data available at the date of this report.

Notes to the Financial Statements (continued)

4. Other income and operating expenses (continued)

4.1 Other income and Management fees and other operating expenses

	2024		Restated 2023	
	The Company $000	Consolidated $000	The Company $000	Consolidated $000
(a) Other income				
Workers' compensation management fee revenue	31,003	336,744	34,886	491,336
Credit risk fees received	1,189	1,189	1,960	1,960
	32,192	**337,933**	**36,846**	**493,296**
(b) Management fees and other operating expenses				
Management fees paid to related entity*	(31,895)	(337,611)	(37,083)	(493,534)
Mutual Benefits	(22,929)	(22,929)	(16,373)	(16,373)
Other	(3,114)	(5,752)	(2,610)	(4,740)
	(57,938)	**(366,292)**	**(56,066)**	**(514,647)**

** Partnership of Employers Mutual Limited & ASWIG Management Pty Ltd as Trustee for ASWIG Management Trust.*

Notes to the Financial Statements (continued)

5. Risk Management

5.1 Risk appetite

The Board has adopted a Risk Appetite Statement (RAS) that articulates the level of risk the Group is prepared to accept. The RAS states the Board's tolerance for risk across a number of exposure or risk areas:

- Capital, earnings and return targets.
- Insurance risk.
- Regulatory and compliance risk.
- Asset risk.
- Operational risk.
- Strategic and reputation risk.
- People and capability risk.
- Governance risk.

5.2 Risk management framework

The Group has established a risk management framework for managing the risks it faces. The Group has a designated Risk and Governance function which is responsible for the development and maintenance of the framework. In accordance with Prudential Standard CPS 220 Risk Management, issued by the Australian Prudential Regulation Authority ("APRA"), the risk management framework is summarised in the Risk Management Strategy (RMS). The Reinsurance Management Strategy (ReMS) also forms part of the risk management framework. The RMS and ReMS are both developed by management and approved by the Board. The Group also meets the requirements of the Prudential Standard CPS220 Risk Management.

The risk management framework (and the RMS) have been developed and designed to ensure that the Group operates within the Board's risk tolerances as stated in the RAS. The risk management framework operates with the objective of ensuring risks are managed within tolerance or if a risk should move outside of tolerance that strategies are put in place to return the risk to tolerance as soon as practical.

The RMS and ReMS identify the Group's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Group. Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Group has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to compliance with the RMS and ReMS.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.3 Capital, earnings and return targets

The EML Level 2 Group has set a target capital adequacy ratio of 2.5 to 3 times its prescribed capital amount (PCA) which is the minimum level of capital required in APRA's capital standards (assessed at the level 2 Group). The Group has established an internal capital adequacy assessment process (ICAAP) which it uses to monitor and project its capital position, stress test its capital resiliency and to assess the capital and financial impact of business opportunities. Further detail on capital management is included in Note 8.15.

The Group has adopted a target return on capital for underwritten businesses of 10% p.a. before tax over a rolling 3-year period although lower returns than this target are acceptable in any one year and during growth periods. The Company closely monitors its performance against its earning targets. While the intention is to limit earnings' volatility, it is acknowledged that the nature of the business has an inherent level of uncertainty and below target returns are acceptable in periods of material change, such as significant business growth or major legislative change, it is acknowledged that the expected return on capital may be lower in any one year as set out in the business plan covering the underwritten scheme.

5.4 Insurance risk

The Group has established policies for accepting insurance risks. The risk under any one insurance contract arises out of the uncertainty surrounding the timing and severity of claims under the contract.

The Group manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues. Methods of monitoring performance include internal risk measurement models, scenario and stress testing and regular review of performance by product.

The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The Group has an objective to control insurance risk, thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from insurance business are affected by market factors, particularly competition and movements in asset values. Short-term variability is, to some extent, a feature of insurance business.

The Group writes insurance risks only in Australia and currently only underwrites workers compensation in NSW. The Group will consider further underwriting opportunities where a business case demonstrates that the capital adequacy and the level of return to shareholders remain within risk tolerances.

The underwriting strategy of the Group is aimed at meeting the insurance needs of customers, whilst achieving its risk management and financial objectives.

5.5 Reinsurance strategy

The Group adopts a conservative approach towards its reinsurance risk management. The Board has determined the level of risk which is appropriate for the Group having regard to its financial resources, premium volume and the usual concepts of prudence and regulatory constraint. It uses reinsurance products to mitigate capital and financial risk.

This approach is summarised in the Reinsurance Management Strategy (ReMS) and approved by the Board. The Group has an Underwriting Committee that assesses the effectiveness of the reinsurance management process. The control mechanisms include annual review of reinsurance arrangements, reinsurance programs and criteria for selection of reinsurers.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.6 Concentration of insurance risk

Concentration of insurance risk occurs where multiple exposures or policyholders are subject to losses from the one event and are particularly relevant in the case of catastrophes including natural disasters. The Group has estimated a maximum event retention and purchases excess of loss reinsurance to provide protection above that retention to a level well in excess of its assessed probable maximum loss determined by modelling aggregated exposures and projected losses from catastrophes. The Group reviews its maximum event retention and probable maximum loss regularly to ensure adequate reinsurance coverage.

5.7 Regulatory and compliance risks

The Group is subject to regulatory supervision by APRA. It is also subject to supervision by State Insurance Regulatory Authority (SIRA) for its NSW Underwritten workers compensation insurance business. The Group works closely with regulators and monitors regulatory developments to assess any potential impact on its ongoing ability to meet the various regulatory requirements. The Group is also subject to other regulatory requirements including corporate law, taxation law, privacy law, workplace health and safety laws and state records laws.

The Group utilises a comprehensive enterprise wide program of internal and external audit to assist in managing its regulatory and compliance risk.

5.8 Asset risks

The Group has a low tolerance for investment risk for assets backing insurance liabilities and seeks to limit the scope for asset–liability mismatch risk. Asset liability modelling, using dynamic financial analysis techniques, is undertaken annually to match asset and liability durations and to underpin a review of the investment mandate. The investment mandates are established each year by the Board and provides limited scope for the Investment Manager to make tactical investment decisions around an approved benchmark portfolio.

5.9 Liquidity risk

Liquidity risk is the risk that there are insufficient cash resources available to meet current obligations as they fall due without affecting the ongoing operations or the financial or capital position of the Group. Actual and expected cash flow for its businesses are actively monitored and reviewed to ensure that all businesses within the Group have, and continue to have, sufficient funds.

5.10 Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due. The Group's primary exposure to credit risk arises through its investment in fixed income securities, its receivables arising from its claim management activities and its receivables arising from sales of insurance policies and receivables from reinsurers through reinsurance contracts.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.10 Credit risk (continued)

The Group has put in place credit policies and investment guidelines as a part of its overall credit risk management framework which includes the following:

- Evaluation of a debt instrument issuer's credit risk is undertaken by the Finance function in consultation with the Group's Investment Manager where applicable. Monitoring of credit and concentration risk is carried out by Finance and is supported by Risk Management.
- Cash and deposits in Australia are generally placed with banks and financial institutions licensed under APRA.

Receivables arising from claims management activities and its insurance and reinsurance contracts are monitored to ensure adherence to the Group's credit policy.

As part of the overall risk management strategy, the Company cedes insurance risk through proportional and non-proportional treaties and facultative arrangements as deemed necessary. The Group monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and review its reinsurance arrangements periodically. The Group typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors. When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.

The Group's credit risk exposure also arises from premiums receivables from its policyholders and management fees receivables from its workers compensation claims management statutory and corporate clients. The Group has policies to monitor credit risk from these receivables with a focus on day to day monitoring of the outstanding position by the applicable credit control function. The Group also has guidelines to evaluate intermediaries before their appointment as well as setting credit terms to these appointees.

The Group uses the ratings assigned by external rating agencies to assess the credit risk of debt securities, fixed and call deposits and reinsurance receivables.

5.11 Operational risks

Operational risk is the risk of financial loss (including lost opportunities) resulting from internal processes, people and systems which fail to perform as required or are inadequate. When operational controls break down, an operational incident may occur that results in financial loss, breach of regulatory, legal and contractual obligations, fraud or damage to reputation.

The Group's Risk Management Strategy includes consideration of operational risk and the Group uses a framework of operational controls to manage its operational risk exposures – a control framework is established for each business operation. Operational Risk is identified and assessed on an ongoing basis. Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities. The Group utilises the Risk Management function and the Internal Audit function of the Group as second and third lines of defence to monitor and verify the effectiveness of processes, procedures and controls surrounding operational risk. The Group has progressed its transition to CPS 230 Operational Risk Prudential Standard which commences on 1 July 2025.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.12 Strategic and reputation risks

Strategic and reputation risks are the risk that a failure or weakness in business strategy and business planning may lead to poor decision making and financial losses. Regulated entities in the Group establish business plans for their operations which articulate business strategy and incorporate three year budgets, with non-regulated entities having detailed annual budgets that feed into the three year business plans as appropriate. The Group aims to grow its business and considers opportunities in both underwritten and non-underwritten business as they arise.

Business cases are required to be approved for any material business opportunity in accordance with the business appraisal requirements of the risk management framework. Business cases are required to demonstrate how they meet the Group's strategic objectives and fit within its risk appetite including, but not limited to, target returns and capital adequacy levels.

5.13 People and capability risks

A key critical resource for the business is its people and their capability. People and capability risk is the risk that the business does not have sufficient resources or the available resources are not sufficiently skilled to meet the needs of the business. The Group has a range of strategies in place to manage its people risks by recruiting the right staff, providing appropriate training and implementing strategies to improve employee engagement and staff retention.

5.14 Governance risks

Governance risk is the risk that a breakdown in governance may lead to financial loss, reputational impacts or regulatory or compliance issues. The Company maintains an independent Board with an effective, robust committee structure to provide arms-length strategic oversight of the business of the Group and ensure that the interests of the members are maintained.

Notes to the Financial Statements (continued)

6. Taxation

Income tax on the Statement of Comprehensive Income for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

			Restated	
	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
(a) Income Tax Expense				
Prima facie income tax expense calculated at 30% on operating profit	12,236	15,724	12,009	17,424
Increase/(Decrease) in income tax expense due to:				
Deferred tax on carrying value investments	-	-	-	-
Imputation gross-up on dividends received	1,007	66	606	68
Franking credits on dividends received	(3,356)	(221)	(2,020)	(227)
Permanent differences	-	-	(2)	(7)
Income tax expense attributable to profit	9,887	15,569	10,593	17,258
(Under)/Over provision for tax liability in previous years	(6)	16	46	(20)
Tax impact on FY22 Group's Diversification benefit	-	-	-	414
Tax Expense attributable to Operating Profit	9,881	15,585	10,639	17,652
Income Tax Expense is made up of:				
Current Tax	4,170	10,538	7,729	14,052
(Under)/Over provision in prior year	(6)	15	46	(20)
Deferred Tax	5,831	5,978	2,863	3,543
Deferred tax impact of initial application of AASB 17	(114)	(946)	1	77
	9,881	15,585	10,639	17,652
(b) Net Current Tax (liabilities)/assets				
Provision for income tax receivable/(payable)	1,561	4,404	(3,679)	(8,590)
Net Current Tax (liabilities)/assets	1,561	4,404	(3,679)	(8,590)
(c) Net deferred tax assets/(liabilities)				
Deferred tax assets				
Claims Handling Expenses	652	3,846	85	2,505
Member benefit Provision	2,472	2,472	1,143	1,143
Accumulation/ (utilisation of) Tax Losses	-	163	-	200
Deferred tax on management fee expense	8,432	39,098	7,795	13,295
Other	483	332	351	269
(ii) Amounts set off against deferred tax liabilities	(12,039)	(45,911)	(9,374)	(16,873)
	-	-	-	**539**

Notes to the Financial Statements (continued)

6. Taxation (continued)

	Note	2024		Restated 2023	
		The Company	Consolidated	The Company	Consolidated
		$000	$000	$000	$000
Deferred tax liabilities					
Deferred tax on management fee revenue		(18,418)	(49,326)	(10,884)	(16,574)
Accrued Investment Income		(201)	(207)	(16)	(21)
Unrealised gains on investments		(525)	(450)	166	877
Other - Discount EMM Fees		-	(352)	-	(209)
Deferred tax impact of initial application of AASB 17		-	-	(114)	(946)
(ii) Amounts set off against deferred tax assets		12,039	45,911	9,373	16,873
(d) Net deferred tax		**(7,105)**	**(4,424)**	**(1,475)**	**539**
Reconciliation of Deferred tax (liabilities)/ assets					
Balance at 1 July		(1,475)	539	1,442	4,129
Prior year (under) / over provision		87	69	(53)	30
Debited/(Credited) to Statement of Comprehensive Income		(5,717)	(5,032)	(2,864)	(3,620)
Balance at 30 June		**(7,105)**	**(4,424)**	**(1,475)**	**539**
(e) Franking Account					
Dividend Franking Account					
30% franking credits		83,212	88,395	74,685	85,651

Balance of franking account adjusted for:

(a) franking credits which will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Notes to the Financial Statements (continued)

7. Group Structure

7.1 Investment in controlled subsidiaries

Summarised information of interests in controlled subsidiaries is as follows:

	Reporting date	Principal place of business	Principal activity	Consolidated Ownership Interest	
				2024 %	2023 %
EML NSW Limited*	30 June	Australia	Workers compensation claims administration	-	100
Hospitality Industry Insurance Limited* [1, 2]	30 June	Australia	Insurance underwriting	50	50
EML Foundation Limited**	30 June	Australia	Dormant	100	100
EML Vic Pty Ltd**	30 June	Australia	Workers compensation claims administration	-	100
Employers Mutual SA Pty Ltd**	30 June	Australia	Workers compensation claims administration	-	100
EML National Pty Ltd**	30 June	Australia	Workers compensation claims administration	-	100

* Audited by Deloitte Touche Tohmatsu (Deloitte). Post corporate restructure this entity will not be consolidated into Employers Mutual Limited.

** These entities are audited by Deloitte for the Employers Mutual Limited consolidated financial statements for the year ended 30th June 2024. No separate financial statements are issued by these entities. Post corporate restructure these entities will not be consolidated into Employers Mutual Limited.

[1] Employers Mutual Limited holds 50% of the ordinary share capital of Hospitality Industry Insurance Limited (formerly Hospitality Employers Mutual Limited), with the remaining 50% owned equally by the Australian Hotels Association (NSW) and ClubsNSW. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The majority of Hospitality Industry Insurance Board members are appointed by Employers Mutual Limited and hence it is deemed that control is exercised by Employers Mutual Limited.

[2] Employers Mutual Limited has an additional investment of $12.8 million of subordinated debt, classified as equity under AASB 132 *Financial Instruments: Presentation*, in Hospitality Industry Insurance Limited. This subordinated debt carries no voting rights. The ultimate Australian entity and parent entity is Employers Mutual Limited.

None of the controlled entities are listed on a stock exchange. There is no unrecognised share of losses arising from the above controlled entities, both for the reporting year and cumulatively.

Disclosure is based on the financial statements prepared in accordance with Australian Accounting Standards (AASBs) under Group accounting policies. The following summarised information represents the financial position and performance of the entities as a whole and not just Employers Mutual Limited's share.

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.1 Investment in controlled subsidiaries (continued)

Material Accounting Policies

Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entities. The financial statements of the controlled entities are included from the date control commences until the date control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the parent entity disclosures less any impairment losses.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements

	2024					
	Employers Mutual NSW Limited $000	Hospitality Industry Insurance Limited $000	EML Vic Pty Limited $000	EML Foundation $000	Employers Mutual SA Pty Ltd $000	EM National $000
Summarised Statement of Comprehensive Income						
Revenue	232,918	97,046	48,598	-	24,389	-
Profit / (loss) after tax	82	13,148	-	(1)	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	82	13,148	-	(1)	-	-
Summarised balance sheet						
Total assets	-	256,861	-	504	-	-
Total liabilities	-	185,684	-	2	-	-
Net assets as at reporting date	**-**	**71,177**	**-**	**502**	**-**	**-**

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.1 Investment in controlled subsidiaries (continued)

	2023 Restated					
	Employers Mutual NSW Limited $000	Hospitality Industry Insurance Limited $000	EML Vic Pty Limited $000	EML Foundation $000	Employers Mutual SA Pty Ltd $000	EM National $000
Summarised Statement of Comprehensive Income						
Revenue	344,669	73,901	74,641	-	40,663	-
Profit / (loss) after tax	79	14,415	-	(1)	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**79**	**14,415**	**-**	**(1)**	**-**	**-**
Summarised balance sheet						
Total assets	132,880	230,664	21,124	505	3,905	-
Total liabilities	132,296	161,975	21,124	2	3,905	-
Net assets as at reporting date	**584**	**68,689**	**-**	**503**	**-**	**-**

7.2 Related party disclosures

Ultimate Parent Entity and Controlling Entity

The ultimate parent entity in the consolidated entity is Employers Mutual Limited, a public company limited by guarantee, domiciled in Australia.

Related Party Transactions

The aggregate amounts included in the Statement of Comprehensive Income that resulted from transactions with related parties are:

	2024 $000	2023 $000
Paid by Employers Mutual Limited		
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	336,679	495,718
Employers Mutual Management Pty Ltd	11,577	9,463
Paid by Hospitality Industry Insurance Limited		
Employers Mutual Management Pty Ltd	21,320	16,878
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	386	373
Australian Hotels Association (NSW) Holdings Pty Ltd	1,836	1,337
The Registered Clubs Association of NSW	1,830	1,051
EM Safe Pty Ltd	137	138

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.2 Related party disclosures (continued)

The outstanding balances on related party receivables and payables at year end are:

	2024 $000	2023 $000
Receivable/(Payable) by Employers Mutual Limited		
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	(107,137)	(81,916)
Employers Mutual Management Pty Ltd^	597	(975)
EML VIC Pty Limited	13	-
Employers Mutual Management Pty Limited	3	-
Receivable/(Payable) by Hospitality Industry Insurance Limited		
Employers Mutual Management Pty Ltd^	11,059	8,313
Australian Hotels Association (NSW) Holdings Pty Ltd	(139)	(108)
The Registered Clubs Association of NSW	(155)	(85)
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	(33)	(66)
EM Safe Pty Ltd	-	-

^ the balance comprises Deferred Management Fees, Administration Fees Payables and Profit Share Fees Payable

The Company entered into a quota share reinsurance agreement on an arms length basis with Hospitality Industry Insurance Limited commencing 30 June 2023. Under this reinsurance arrangement the Company will receive 7.5% of Gross Written Premiums and pay exchange commission of 26%.

The Company has entered into a banking arrangement which includes provision of various bank guarantees and financial security deeds as required under certain contracts with clients and office leasing contracts. The financial security deeds in relation to clients' contracts are issued on behalf of the Company and its 100% owned subsidiaries. The principal lessee under the office leases is Employer Mutual Management Pty Ltd. In these instances, the Company's bank guarantees are issued on behalf of Employer Mutual Management Pty Ltd as at 30 June 2024 totalled $9.6m (2023: $8.4m). The total value of all bank guarantees and financial security deeds on issue as at 30 June 2024 was $16.7m (2023: $15.6m).

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.3 Equity accounted investees

7.3.1 Joint venture

Employers Mutual Limited is a 50% partner in the Partnership of Employers Mutual Limited and ASWIG Management Pty Ltd as Trustee for the ASWIG Management Trust ("the Partnership"). The financial report includes the financial position, the results from operations and cash flows of the joint venture entity in accordance with the accounting policy described in Note 7.3.1 (i). The principal place of business of the joint venture entity is in Australia.

The Partnership is structured as a separate vehicle and Employers Mutual Limited has a residual interest in its net assets. Accordingly, Employers Mutual Limited has classified its interest in the Partnership as a joint venture which is equity accounted.

The following is summarised financial information for the Partnership, based on its financial statements prepared in accordance with all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board.

(i) Joint arrangements

A joint venture is a type of an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in the joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Summary Financial Information of the Partnership

	2024 $000	2023 $000
Revenue	564,590	515,594
Profit from continuing operations	106,287	103,312
Total comprehensive income	**670,877**	**618,906**
Current assets	268,482	196,917
Non-current assets	16,847	16,918
Current liabilities	(268,482)	(196,917)
Non-current liabilities	(16,847)	(16,918)
Net assets	-	-

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.3 Equity accounted investees (continued)

Movement in carrying amount in investment in the Partnership

	2024 $000	2023 $000
Group's interest in net assets of investee at the beginning of the year	-	-
Share of total comprehensive income	53,143	51,656
Partnership distribution	(53,143)	(51,656)
Carrying amount of interest in investee at end of the year	-	-

7.3.2 Partnership's expenditure commitments

There is no capital or other commitments or contingent liabilities arising from the investment in the Partnership that are significant to the consolidated entity.

7.3.3 Equity interest investees

The Group has equity interests in three unlisted companies through its Partnership with ASWIG Management Pty Ltd as Trustee for the ASWIG Management Trust (the Partnership):

- Riverwise Pty Ltd, which exceeds 20%, when combined with its indirect interest via its 50% ownership in the Partnership
- EML Solutions Pty Limited (formerly known as EMLife Pty Limited, where it owns 50% of the investee's equity which represents significant influence.
- Fleet Network Pty Limited, where it owns 50% of the Partnership's 18.4% stake in the investee. The combined shareholding coupled with a director appointment by the Partnership on the Board of Directors of Fleet Network Pty Ltd constitutes significant influence.
- EML Management Pty Limited, where it owns 50% of the investee's equity which represents significant influence.

As the Group has significant influence over EML Solutions Pty Ltd, EML Management Pty Ltd and Fleet Network Pty Limited, it applies the equity method of accounting for these investment.

Management have assessed both direct and indirect shareholdings in Riverwise Pty Ltd and deem that the Group has neither control nor significant influence over this entity. While the combined unit holdings of the Partnership and Employers Mutual Limited in Riverwise Pty Ltd exceeds 20%, the individual shareholdings are significantly below this threshold. As Employers Mutual Limited does not exercise control over the Partnership and has no voting control over its equity interest shareholding, there is no significant influence and, accordingly, the equity method of accounting is not applicable for this investment. Riverwise Pty Limited has been treated as an equity investment and is carried at fair value measured in accordance with AASB 13 *Fair Value Measurement*. Refer to Note 3.1.2.4 (ii).

Notes to the Financial Statements (continued)

8. Other

8.1 Other Accounting Policies

8.1.1 New accounting standards and amendments

Australian Accounting Standards and amendments adopted by the Group:

As at the date of this financial report, there are a number of new and revised accounting standards published by the Australian Accounting Standards Board. The Group adopted the following new or amended accounting standards effective from 1 July 2023:

Standard	Description
AASB 9	Financial Instruments
AASB 17	Insurance Contracts
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-5	Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

With the exception of AASB 17, the impacts of which are detailed in Note 2, the adoption of these new and amended standards did not significantly impact the Group's financial statements.

Australian Accounting Standards issued but not yet effective

As at the date of this financial report, there are a number of new and revised accounting standards published by the Australian Accounting Standards Board for which the mandatory application dates fell after the end of this current reporting year. None of these standards have been early adopted and applied in the current reporting period.

Standard	Description	Operative Date
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025

New standards implemented

A number of new Standards, amendments to Standards and interpretations are effective for annual periods beginning on or after 1 July 2023. All of the new Standards do not apply to the Group for the year ended 30 June 2024 other than AASB17.

Notes to the Financial Statements (continued)

8. Other (continued)

8.1.1 New accounting standards and amendments (continued)

Accounting estimates and judgments

In preparing these financial statements, the Directors rely on management, whom have made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management evaluates estimates and judgements incorporated in the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and performance outcomes based on current trends and economic data, obtained both externally and within the Group.

8.2 Contingent liabilities

Contingent liabilities are not recognised on the Statement of Financial Position but are disclosed where the possibility of settlement is less than probable but more than remote. Provisions are not required with respect to these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not reliably measurable. If settlement becomes probable, a provision is recognised. The best estimate of the settlement amount is used in measuring a contingent liability for disclosure. The measurement involves judgement.

In the normal course of business, transactions are entered into that may generate a range of contingent liabilities. These include litigation arising out of insurance policies. It is not believed that there are any other potential material exposures to the Group.

8.3 Statement of cash flows

8.3.1 Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits. Cash and cash equivalents at the end of the financial year are reconciled to the related items in the Statement of Financial Position as follows:

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Cash and cash equivalents	10,135	21,366	2,606	14,984
Other Creditors*	(10,000)	(10,000)	(10,000)	(10,000)
Net Cash	135	11,366	(7,394)	4,984

*Represents Bank Loan Facility drawn down as at 30 June.

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Cash and cash equivalents are measured at fair value, being the principal amount. For the purpose of the cash flow statement, cash also includes other highly liquid investments not subject to significant risk of change in value, with short periods to maturity, net of any bank overdraft.

Notes to the Financial Statements (continued)

8. Other (continued)

8.3 Statement of cash flows (Continued)

8.3.2 Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$	$	$	$
Total comprehensive income for the year	30,906	39,198	29,390	40,428
Add/(Less):				
Depreciation and amortisation	-	-	(0)	(0)
Profit on sale of investments	483	1,130	750	1,751
Increase in market value of investments	(2,336)	(4,458)	(1,803)	(4,198)
Net cash provided by operating activities before change in assets and liabilities	**29,053**	**35,870**	**28,337**	**37,981**
Changes in assets and liabilities:				
Decrease/(Increase) in Trade & Other Receivables	(64,492)	(270,089)	(42,989)	(102,510)
Decrease/(Increase) in Other Assets	(10,644)	(33,204)	1,373	5,494
Decrease/(Increase) in Insurance Contract Assets	(5,101)	(6,112)	-	-
Decrease/(Increase) in Reinsurance Contract Assets	298	(12,109)	(8)	(2,115)
Decrease/(Increase) in Reinsurance Contract Liabilities	(9)	(2,515)	(1,695)	(7,752)
(Decrease)/Increase in Provision for Tax	(5,354)	(13,192)	3,566	5,058
Decrease/(Increase) in Deferred Tax Assets	-	(680)	(1,479)	2,684
(Decrease)/Increase in Deferred Tax Liability	5,744	6,570	4,394	881
(Decrease)/Increase in Payables	58,796	250,423	34,474	714
(Decrease)/Increase in Other Liabilities (Member Incentive)	4,428	4,428	(361)	(361)
(Decrease)/Increase in Other Liabilities (non- Member Incentive)	536	17,073	(64)	(10,292)
(Decrease)/Increase in Liability for Incurred Claims	20,706	53,345	289	7,028
(Decrease)/Increase in Liability for remaining coverage	-	12,052	18,156	39,910
	4,908	**5,990**	**15,656**	**(61,261)**
Net cash provided by/(used in) operating activities	**33,961**	**41,860**	**43,993**	**(23,280)**

Notes to the Financial Statements (continued)

8. Other (continued)

8.4 Trade and other receivables

	2024		Restated 2023	
	The Company $000	Consolidated $000	The Company $000	Consolidated $000
Current				
Trade Debtors	4,579	4,579	11,004	11,027
Other Debtors	8	8	-	-
Amount due from Related Entities	35,836	32,412	13,894	23,894
Accrued Income	166,762	167,457	107,424	97,901
GST Receivable	268	383	296	324
	207,453	**204,839**	**132,618**	**133,146**
Non-Current				
Amount due from Related Entities	8,116	9,037	8,459	9,091
Loan to Related Entity	-	-	-	-
	8,116	**9,037**	**8,459**	**9,091**

8.5 Other assets

	2024		Restated 2023	
	The Company $000	Consolidated $000	The Company $000	Consolidated $000
Current				
Specialised Insurer Security Deposit*	15,000	17,402	30,000	46,303
Deferred management fees		2,719		2,316
Total	**15,000**	**20,122**	**30,000**	**48,619**

* As part of its specialised insurance licenses, the Group is required to lodge a Security Deposit with the State Insurance Regulation Authority (SIRA). The Security Deposit is held by SIRA on behalf of the Group and can be in the form of cash or securities issued or guaranteed by the Commonwealth or NSW State Government.

The Group's Security Deposit at 30 June 2024 consists of $34.6m (2023: $24m) in CPI indexed bonds, $20.3m (2023: $16.7m) in fixed interest bonds issued by the Commonwealth and NSW State Governments and $17.4m (2023: $46.3m) in Cash. The cash component is part of Other Assets, whilst the CPI indexed bonds and fixed interest bonds components are included in the Government and other public securities investments balance.

Notes to the Financial Statements (continued)

8. Other (continued)

8.6 Financial assets at fair value

			Restated	
	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Current				
Bank accepted bills of exchange	8,889	20,747	18,847	31,793
	8,889	**20,747**	**18,847**	**31,793**
Non-current financial assets				
Investment in controlled entity at cost	22,400	-	22,900	-
Shares in listed companies and unit trusts	14,134	19,220	10,316	15,021
Floating rate notes	27,583	52,006	24,663	42,357
Government and other public securities*	56,403	169,344	36,851	134,721
	120,520	**240,571**	**94,730**	**192,099**
Total financial assets	**129,409**	**261,317**	**113,577**	**223,892**

All the financial assets noted above are held based on a business model under which the entity is primarily focused on fair value information and uses that information to assess these assets' performance and make decisions about them.

*Government and other public securities includes $34.6m (2023: $24m) of CPI indexed bonds and $20.3m (2023: $16.7m) of fixed interest bonds held by the State Insurance Regulation Authority (SIRA) as a Security Deposit on behalf of the Group as part of its specialised insurance licenses conditions.

8.7 Trade and other payables

			Restated	
	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Current				
Trade Creditors	241	258	13,654	13,724
Amount due to Related Entities*	14,572	136,210	500	82,968
Levies Payable	67	702	-	594
Other Creditors**	119,966	18,881	79,349	13,200
	134,846	**156,051**	**93,503**	**110,486**
Non-current				
Amount due to Related Entities*	-	138	-	138
	-	**138**	-	**138**
Total	**134,846**	**156,189**	**93,503**	**110,624**

Trade and other payable transactions with related entities have been made on terms equivalent to arm's length transactions.

* Partnership of Employers Mutual Limited & ASWIG Management Pty Ltd as trustee for ASWIG Management Trust, Employers Mutual Management Pty Ltd, The Registered Clubs Association of NSW and Australian Hotels Association (NSW) Holdings Pty Ltd.

**Other Creditors include $10m (2023: $10m) relating to a $10m loan facility provided by the Company's bank. The unused amount of the facility at 30 June 2024 was $nil (2023: $nil). The loan facility is used for short term funding of working capital in the Group when required. In both cases the loan was fully repaid within the first quarter of subsequent financial year.

Notes to the Financial Statements (continued)

8. Other (continued)

8.7 Trade and other payables (continued)

Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

8.8 Provisions

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Current				
Mutual Benefits	8,240	8,240	3,811	3,811
	8,240	**8,240**	**3,811**	**3,811**
Balance 1 July	3,811	3,811	4,172	4,172
Amount incurred	22,929	22,929	16,373	16,373
Amount utilised	(18,500)	(18,500)	(16,734)	(16,734)
Balance at 30 June	**8,240**	**8,240**	**3,811**	**3,811**

Provision for Mutual Benefits

The Company provides Mutual Benefits through a number of initiatives which will improve outcomes in relation to injury management and occupational health and safety. The Company recognises a provision at the end of the year for those benefits that have been committed to and is presently obliged to provide.

Estimation of Mutual Benefits provision

The Mutual Benefits provision comprises a pool of committed funds which have been approved by the Board. A valid expectation has been created among members that they will receive the funds to assist them to improve claims and injury outcomes in the workplace. The funds have been allocated to a number of areas, including funding for specific proposals as submitted by members. The year-end provision represents a reasonable estimate of the expected cost of these initiatives.

8.9 Goods and Services Tax

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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Insurance and reinsurance contract assets and liabilities and other receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The effect of GST on the ultimate settlement of claims has been included in the reported claims provision.

Notes to the Financial Statements (continued)

8. Other (continued)

8.10 Other Contract Liabilities

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Current				
Contract Liability - Unearned Income	1,019	1,019	483	68,222

8.11 Reserves

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
General Reserve (Accumulated Funds)	25,307	25,307	25,307	25,307

General reserve

The amount standing to the credit of the General Reserve has resulted from prior period allocations of retained profits for future operating requirements. Transfers back to retained profits will occur if required in the future.

8.12 Remuneration of auditor

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$000	$000	$000	$000
Audit and review services				
Statutory and Regulatory Audits and Reviews	214	456	131	306
Total audit and review services	**214**	**456**	**131**	**306**
Other services				
Other Professional Services*	24	24	-	-
Total other services	24	24	-	-
Total Auditor Remuneration	**238**	**480**	**131**	**306**

*Relates to GST advisory services.

Notes to the Financial Statements (continued)

8. Other (continued)

8.13 Key management personnel disclosure

The following were the key management personnel of the Company at any time during the reporting period:

Directors

- Catherine A. King (Ceased 6 September 2023)
- Paul R. Baker
- Patrick Gurr
- Bruce Hatchman (Ceased 31 December 2023)
- Nicole Britt
- Lisa Neville (Appointed 1 July 2023)
- Scott Whiddett (Appointed 1 January 2024)

Executives

- Anthony Fleetwood (Chief Executive Officer)
- Matthew Wilson (Chief Risk Officer)
- George Srdic* (Chief Financial Officer)
- Benjamin Gray* (Company Secretary)

** Employed by a related party*

Transactions with key management personnel

The key management personnel compensation is:

	2024		2023	
	The Company	Consolidated	The Company	Consolidated
	$	$	$	$
Short term employee benefits	515,345	515,345	481,092	481,092

This compensation represents Directors fees only. Executives are employed and paid by Employers Mutual Management Pty Ltd, a related entity.

8.14 Other information

Employers Mutual Limited, incorporated and domiciled in Australia, is a public company limited by guarantee. Certain persons and corporations may be eligible for membership as per the Employers Mutual Limited Constitution. Admittance to membership of Employers Mutual Limited is at the Board’s sole discretion.

Principal registered office

Level 3

345 George Street

Sydney NSW 2000

Telephone: (02) 8251 9000

Facsimile: (02) 8251 9491

Notes to the Financial Statements (continued)

8. Other (continued)

8.15 Capital Management

8.15.1 Capital management strategy

The Group's capital management strategy plays a key role in managing risk to create shareholder value whilst providing an appropriate level of capital to protect policyholders' and claimants' interests and to satisfy regulators. Capital finances operating activities, capital expenditure and growth. It also provides support in the of unexpected outcomes arising from the Group's insurance and other investment activities that are unfavourable.

The Group manages its capital and the adequacy of its capital through its internal capital adequacy assessment process (or "ICAAP"). The Board has adopted an ICAAP designed for the size and nature of the Group which is summarised in the ICAAP Summary Statement and also incorporates its capital management plan that sets out capital triggers and responses. The Group utilises its ICAAP to monitor its capital position on an ongoing basis, to assess whether it is operating within its stated risk tolerances and to assess the likelihood of breaching a risk tolerance.

The determination of the capital amount and mix is built around two core considerations:

Regulatory capital

Employers Mutual Limited and its subsidiary, Hospitality Industry Insurance Limited, are regulated by the Australian Prudential Regulatory Authority ("APRA") as general insurers and are subject to APRA's prudential standards. These standards establish the basis for calculating the prescribed capital amount ("PCA") which is a minimum level of capital that the regulator deems must be held. To ensure the PCA is not breached the Group targets capital levels of at least 2.5 to 3 times the PCA. The Group uses the standardised framework for calculating the PCA detailed in the relevant Prudential Standards and referred to as the prescribed method which is determined to be the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk and operational risk to assess its prescribed capital requirement. Capital calculations for regulatory purposes are in part based on the premium liabilities model which is different to the deferral and matching model which underpins the measurement of assets and liabilities in the financial statements. The premium liabilities model assesses future claim payments arising from future events insured under existing policies. This differs to the measurement of the Outstanding Claims Liability on the Statement of Financial Position which considers claims relating to events that occur only up to and including the reporting date.

Economic capital

In conjunction with the considerations set out above, which are important to the functioning of the business, consideration is given to the operational capital needs of the business. The capital objectives are achieved through dynamic management of the Statement of Financial Position and capital mix, the use of a risk based capital adequacy framework for capital needs that relies on explicit quantification of uncertainty or risk and the use of modelling techniques to provide valuable input to the capital management process and provide the capacity to quantify and understand this risk/return trade-off.

8.15.2 Capital composition

Total capital is calculated as equity as shown in the Statement of Financial Position.

Notes to the Financial Statements (continued)

8. Other (continued)

8.15.3 Regulatory capital compliance

Under the Prudential Standards issued by the Australian Prudential Regulatory Authority (APRA), the prescribed capital amount (PCA) is calculated by assessing the risks inherent in the business, which comprise:

- The risk that the provision for outstanding claims is not sufficient to meet the obligations to the policyholders arising from losses incurred up to the reporting date (outstanding claims insurance risk);
- The risk that the liability for remaining coverage amount is insufficient to meet the obligations to policyholders arising from losses incurred after the reporting date on existing policies (premium liabilities insurance risk);
- The risk of a catastrophe giving rise to major claims losses up to the retention amount under existing reinsurance arrangements (insurance concentration risk);
- The risk that the value of assets is diminished (asset risk);
- The risk of concentrations in exposures to a particular asset, counterparty or group of related counterparties resulting in adverse movements in the capital base (asset concentration risk);
- The risk of loss resulting from failed internal processes, people and systems or from external events (operational risk); and,
- The allowance for diversification between asset and insurance risks (aggregation benefit).
- These risks are quantified to determine the minimum capital required under the APRA's Prudential Standards. This requirement is compared to the capital held by the Company. Any provisions for outstanding claims and insurance risk in excess of the amount required to provide a level of sufficiency at 75% is classified as capital.

Notes to the Financial Statements (continued)

8. Other (continued)

Regulatory capital requirements – 2024	The Company $000	Consolidated $000
Common Equity Tier 1 (CET1) Capital		
General reserves	25,307	25,307
Retained earnings	183,682	214,150
Net surplus/(deficit) relating to insurance liabilities	(28,657)	(69,753)
Minority interests	-	8,255
Common equity Tier 1 capital deductions		
Regulatory adjustments to Common Equity Tier 1 Capital for accounts receivables	38,658	118,032
Regulatory adjustments to Common Equity Tier 1 Capital for accounts payables	(6,500)	(29,128)
Regulatory adjustments to common equity Tier 1 capital	(22,400)	-
Total regulatory capital	**190,090**	**266,863**
Outstanding claims insurance risk charge	3,896	19,577
Premium liabilities insurance risk charge	7,558	18,199
Insurance concentration risk charge	3,000	4,000
Diversified asset risk charge	19,230	31,817
Operational risk charge	2,466	6,905
Aggregation benefit	(7,418)	(16,241)
Prescribed capital amount (PCA)	28,732	64,257
Surplus	**161,358**	**202,669**
PCA Multiple	**6.62**	**4.15**

Regulatory capital requirements – 2023	Company $000	Consolidated $000
Common Equity Tier 1 (CET1) capital		
General reserves	25,307	25,307
Retained earnings	152,510	177,732
Excess technical provisions	2,268	12,464
Non-controlling interest	-	7,216
Common equity Tier 1 capital deductions		
Regulatory capital requirement of investment in subsidiaries	(22,400)	-
Net deferred tax asset	1,361	(1,485)
Other common equity Tier 1 capital adjustments	-	-
Total regulatory capital	**159,046**	**221,234**
Outstanding claims insurance risk charge	985	14,683
Premium liabilities insurance risk charge	4,696	14,227
Insurance concentration risk charge	2,100	2,500
Diversified asset risk charge	12,139	27,850
Operational risk charge	1,532	6,119
Aggregation benefit	(4,246)	(13,302)
Prescribed capital amount (PCA)	**17,206**	**52,077**
Surplus	**141,840**	**169,157**
PCA Multiple	**9.24**	**4.25**

The PCA calculations for the consolidated entity provided above are based on applying APRA Level 2 insurance group requirements.

Notes to the Financial Statements (continued)

8.16 Dividends Paid

Dividends from Hospitality Industry Insurance Limited (formerly Hospitality Employers Mutual Limited).

Declared and paid during 2024						
Share Class	**Dividend**	**Franking**	**Amount per share $**	**Shares Issued**	**Dividend Paid $**	**Payment Date**
Ordinary A	Final	Fully Franked	0.1393	12,000,000	2,590,795	14/09/2023
Ordinary B	Final	Fully Franked	0.1701	12,000,000	3,805,362	14/09/2023
				Total Ordinary	**6,396,157***	
Subordinated Debt	Final	Fully Franked	-	-	4,264,104	14/09/2023
				Total Paid	**10,660,261**	

*50% Dividend on Ordinary Shares paid to Employers Mutual Limited $3,198,079

Declared and paid during 2023						
Share Class	**Dividend**	**Franking**	**Amount per share $**	**Shares Issued**	**Dividend Paid $**	**Payment Date**
Ordinary A	Final	Fully Franked	0.1393	12,000,000	1,672,155	12/09/2022
Ordinary B	Final	Fully Franked	0.1701	12,000,000	2,041,282	12/09/2022
				Total Ordinary	**3,713,437***	
Subordinated Debt	Final	Fully Franked	-	-	2,475,624	12/09/2022
				Total Paid	**6,189,061**	

*50% Dividend on Ordinary Shares paid to Employers Mutual Limited $1,856,719

8.17 Subsequent events

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- The Group’s operations in future financial years;
- The results of those operations in future financial years; and
- The Group’s state of affairs in future financial years.

There have been no other events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2024.

Consolidated Entity Disclosure Statement as at 30 June 2024

Entity Name	Entity Type	Bodies corporate			Tax residency	
		Place formed or incorporated	% of share capital held		Australian or foreign	Foreign jurisdiction
			2024	2023		
EML NSW Limited	Body corporate	Australia	-	100	Australian	N/A
Hospitality Industry Insurance Limited	Body corporate	Australia	50	50	Australian	N/A
EML Foundation Limited	Body corporate	Australia	100	100	Australian	N/A
EML Vic Pty Ltd	Body corporate	Australia	-	100	Australian	N/A
Employers Mutual SA Pty Ltd	Body corporate	Australia	-	100	Australian	N/A
EML National Pty Ltd	Body corporate	Australia	-	100	Australian	N/A

Directors' Declaration

1. In the opinion of the Directors of Employers Mutual Limited ('the Company'):

    (a) the consolidated financial statements and notes set out on pages 11 to 75 are in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

    (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

    (c) The consolidated entity disclosure statement on page 76 is true and correct.

2. The Directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Sydney this day of 4 September 2024

Paul R. Baker

Chair

Scott M. Whiddett

Director

Deloitte Touche Tohmatsu
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50 Bridge St
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Independent Auditor's Report to the Members of Employers Mutual Limited

Opinion

We have audited the financial reports of Employers Mutual Limited (the "Company") and its subsidiaries (the "Group") which comprises the Group and the Company's statements of financial position as at 30 June 2024, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the Directors' declaration, and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group and the Company's financial position as at 30 June 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports 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 Directors' report for the year ended 30 June 2024, but does not include the financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports 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 Reports

The directors are responsible:

- For the preparation of the financial reports in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group and the Company in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial reports in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group and the Company, and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports 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 reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represents the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial report.

Deloitte.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 4 September 2024

EML Group

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we help people get their lives back