

Allianz New Zealand Limited  
NZ Company Number 445514

Annual Report for year ended  
31 December 2019

## Director's Report

The Director presents the report together with the financial statements of Allianz New Zealand Limited ("the Company") for the year ended 31 December 2019 and the auditor's report thereon.

### Directors

The Director of the Company at any time during or since the end of the financial year are:

D.G. Hosking (appointed 17 July 2009)

### Principal Activities

The principal activity of Allianz New Zealand Limited during the course of the reporting year has been the provision of premium funding services to customers, and the provision of management and administrative services to related companies.

### Significant Changes in the State of Affairs

Allianz Australia Insurance Limited – New Zealand Branch underwent a restructure which significantly reduced their staffing requirements serviced by Allianz New Zealand. There was no impact on the premium funding business.

### Events after Balance Date

There have been no matters or circumstances that have arisen in the interval between 31 December 2019 and the date this report, which in the opinion of the Director, have significantly affected, or may significantly affect in subsequent financial years, the operations of the Company, the result of those operations of the state of affairs of the company except as disclosed below or as otherwise disclosed in this report.

COVID-19 has emerged as a risk in the interval between 31 December 2019 and the date of this report. This risk has the potential to impact the Company with increased operational risk and costs as the Company responds to the emerging events, including the availability of staff and premises. At the date of this report there has been limited financial impact recorded from COVID-19.

### Results

The profit after income tax of the Company attributable to members for the year ended 31 December 2019 amounted to \$3,539,724 (2018: \$4,474,644).

### Director's Benefits

During the year ended 31 December 2019 and in the interval between 31 December 2019 and the date of this report, the Director has not received, or has not become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments paid or due and payable, to the Director, by reason of a contract made by the Company or any entity controlled by the Company or a body corporate that is related to the Company, with the Director or with an entity in which the Director has a substantial financial interest.

### Registered Office

Level 11, Tower 1, 205 Queen Street, Auckland 1010, New Zealand.

Signed in accordance with a resolution of the Director of Allianz New Zealand Limited.



D.G. Hosking  
Director

29 April 2020



## ***Independent auditor's report***

To the shareholder of Allianz New Zealand Limited

We have audited the financial statements, which comprise:

- the statement of financial position as at 31 December 2019;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cashflows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### ***Our opinion***

In our opinion, the accompanying financial statements of Allianz New Zealand Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

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### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

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### ***Information other than the financial statements and auditor's report***

The Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not, express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *Responsibilities of the Directors for the financial statements*

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue 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 ISAs NZ and ISAs 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

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### *Who we report to*

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder for our audit work, for this report or for the opinions we have formed.

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The engagement partner on the audit resulting in this independent auditor's report is Scott Hadfield.

For and on behalf of:

Chartered Accountants  
29 April 2020

Sydney

I, Scott Hadfield, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 276681.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of Allianz New Zealand Limited for the year ended 31 December 2019. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 29 April 2020 and an unqualified opinion was issued.

Scott Hadfield

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	2019 \$000	2018 \$000
<b>Revenue</b>			
Premium funding revenue		30,547	26,704
Management fee revenue		7,921	7,628
Interest & other income		578	698
Foreign exchange gains		26	2,002
<b>Total revenue</b>		<b>39,072</b>	<b>37,032</b>
<b>Expenses</b>			
Premium funding expense		23,196	19,911
Employee benefits		6,480	5,443
General and administration expenses		1,077	1,900
Finance costs		3,379	3,539
<b>Total expenses</b>		<b>34,132</b>	<b>30,793</b>
<b>Profit before income tax</b>		<b>4,940</b>	<b>6,239</b>
Income tax expense	4	1,400	1,765
<b>Profit for the year net of tax</b>		<b>3,540</b>	<b>4,474</b>
<b>Total comprehensive income for the year net of tax</b>		<b>3,540</b>	<b>4,474</b>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 20.

## Statement of Changes in Equity

For the year ended 31 December 2019

2019	Issued share capital	Retained earnings	Total equity
	\$'000	\$'000	\$'000
At 1 January 2019	38,500	19,641	58,141
Profit for the year	-	3,540	3,540
Total comprehensive income for the year	-	3,540	3,540
<b>At 31 December 2019</b>	<b>38,500</b>	<b>23,181</b>	<b>61,681</b>

2018	Issued share capital	Retained earnings	Total equity
	\$'000	\$'000	\$'000
At 1 January 2018	38,500	15,327	53,827
Adjustment on initial application of AASB 9	-	(160)	(160)
<b>Adjusted balance at 1 January 2018</b>	<b>38,500</b>	<b>15,167</b>	<b>53,667</b>
Profit for the year	-	4,474	4,474
Total comprehensive income for the year	-	4,474	4,474
<b>At 31 December 2018</b>	<b>38,500</b>	<b>19,641</b>	<b>58,141</b>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 20.

## Statement of Financial Position

As at 31 December 2019

	Note	2019 \$000	2018 \$000
<b>Current assets</b>			
Cash	13	15,230	11,518
Loans and receivables	5	182,585	149,313
Other assets	6	2,910	4,986
Amounts due from related parties	8	43,759	8,984
<b>Total current assets</b>		<b>244,484</b>	<b>174,801</b>
<b>Non-current assets</b>			
Property, plant and equipment		260	330
Deferred tax asset	4	674	565
<b>Total non-current assets</b>		<b>934</b>	<b>895</b>
<b>Total assets</b>		<b>245,418</b>	<b>175,696</b>
<b>Current liabilities</b>			
Amounts due to related parties	8	178,796	117,247
Accounts payable and accruals		3,440	308
Income tax provision	4	1,501	-
<b>Total current liabilities</b>		<b>183,737</b>	<b>117,555</b>
<b>Total liabilities</b>		<b>183,737</b>	<b>117,555</b>
<b>Net assets</b>		<b>61,681</b>	<b>58,141</b>
<b>Equity attributable to owners of the Parent</b>			
Issued capital	7	38,500	38,500
Retained earnings		23,181	19,641
<b>Total equity</b>		<b>61,681</b>	<b>58,141</b>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 20.

## Statement of Cash Flows

As at 31 December 2019

	2019	2018
	\$000	\$000
<b>Cash flows from operating activities</b>		
Premium funding revenue received	(2,728)	(2,370)
Premium funding expense paid	(23,196)	(19,911)
Other income and expenses (paid)/received	5,722	(1,989)
Income taxes paid	(8)	(1,773)
Interest expense paid	(3,379)	(3,539)
Interest income received	578	698
Amounts received from related parties	26,774	39,838
<b>Net cash (outflow) from operating activities</b>	<b>3,763</b>	<b>10,954</b>
<b>Cash flows from investing activities</b>		
Receipts/(payments) for property, plant and equipment	(51)	70
<b>Net cash inflow from operating activities</b>	<b>(51)</b>	<b>70</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash</b>	<b>3,712</b>	<b>11,024</b>
<b>Cash at the beginning of the year</b>	<b>11,518</b>	<b>494</b>
<b>Cash at the end of the year</b>	<b>15,230</b>	<b>11,518</b>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 20.



## Notes to the Financial Statements

### Table of Contents

Note No		Page Number
1.	Summary of significant accounting policies	9
2.	Financial risk management	12
3.	Auditor's remuneration	14
4.	Income tax expense	15
5.	Loans and receivables	16
6.	Other assets	16
7.	Contributed equity	16
8.	Related parties	17
9.	Contingent liabilities	18
10.	Capital management strategy	18
11.	Commitments	18
12.	Key management personnel compensation	19
13.	Reconciliation of cash flows from operating activities	20
14.	Subsequent events	20

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting entity

Allianz New Zealand Limited (the "Company") is a company incorporated and domiciled in New Zealand. The address of the Company's registered office is Level 11, Tower 1, 205 Queen Street, Auckland 1010, New Zealand.

The Company provides premium funding services to external customers, and administrative services to related entities, including Allianz Australia Insurance Limited – New Zealand Branch (the "NZ Branch").

These financial statements of the Company are as at and for the year ended 31 December 2019. These financial statements were authorised for issue at the date of this report.

#### (b) Basis of Preparation

##### (i) Statement of compliance

These financial statements have been prepared in accordance with and comply with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable financial reporting standards as appropriate for profit oriented entities. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013.

##### (ii) Changes in accounting standards

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application.

NZ IFRS 16 *Leases*, issued in February 2016, is effective for financial periods beginning on or after 1 January 2019 and the Company has applied NZ IFRS 16 on this date. The standard eliminates the previous classification of operating and finance leases for a lessee, and requires all leases that were previously considered 'off balance sheet' to be recognised in the consolidated statement of financial position, except for low value and short term leases. The standard requires a lease liability to be recognised, representing the present value of lease payments which is grossed up for interest expense and reduced over time for payments, along with a corresponding right-of-use asset representing the lease liability, other direct costs and incentives, which is to be depreciated on a straight line basis over the lease term.

The Company only leases motor vehicles, with no renewal options, and the Company does not expect to exercise the options to purchase in respect of operating leases of motor vehicles. As such, these are classified as short term leases and an expense is recognised on a straight line basis over the lease term.

##### (iii) Basis of measurement

These financial statements are presented in New Zealand Dollars (NZD) which is the functional currency of the entity and comprise the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows, summary of significant accounting policies and notes to the financial statements. Unless otherwise indicated, amounts are rounded to the nearest thousand.

These financial statements are prepared on a historical cost basis, as modified by certain exceptions noted in the financial statements, with the principal exception being the measurement of financial assets designated at fair value through profit and loss and the measurement of the outstanding claims liability and related reinsurance recoveries as set out below.

Certain items have been reclassified from the Company's prior year financial statements to conform with the current year's presentation.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (iv) Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions in respect to certain key assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (v) Comparatives

Certain items have been reclassified from the Company's prior year financial statements to conform with the current year's presentation.

#### (c) Revenue

Premium funding revenue is recognised on an accruals basis for services rendered in arranging finance to enable third parties to purchase insurance cover from a related party. It includes interest on loans issued to the policyholders.

Interest and other income is brought to account on an accruals basis, and also includes all realised and unrealised gains and losses.

Management fee revenue is received to reimburse the company for expenses incurred relating to claims handling, administration and acquisition functions where services rendered on behalf of Allianz Australia Insurance Limited – New Zealand Branch. The reimbursement incorporates an additional 7.5% (2018: 7.5%) fee of expenses incurred, reflecting the costs of providing these management and administrative services.

#### (d) Investment income

Investment income includes interest income from loans and receivables and is brought to account on an effective interest rate method.

#### (e) Receivables

Receivables include loans and receivables and other receivables provided to or due from third parties. Other receivables are carried at amortised cost, except where collection is doubtful, an impairment loss is recognised. Loans and receivables represent finance provided to external parties principally for insurance premiums and statutory charges and include interest due. Interest due is earned to provide a constant yield over the term of the loan. Unearned interest is included within unearned income. Due to the short term nature of other receivables held, its carrying amount approximates its fair value.

Loans and receivables are assessed monthly for impairment and are impaired after 90 days of falling due. Loans and receivables are written off once the company is certain that they are not collectable.

#### (f) Taxation

The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate in New Zealand plus/minus prior years under/over provisions and plus/minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves. Deferred tax is provided in full using the liability method.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled, based on the national income tax rate in New Zealand. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either the accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Taxation (continued)

The NZ Branch and Allianz New Zealand Limited constitute a group for tax purposes, which allows for the NZ Branch's tax losses to be offset against the taxable income of Allianz New Zealand Limited. The NZ Branch and Allianz New Zealand Limited must maintain a minimum of 66% commonality of ownership in order to be considered a group for tax purposes. Commonality of ownership was 100% throughout the reporting period (2018: 100%)

#### (g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Inland Revenue Department ("IRD"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of IRD included as part of current receivables and payables in the statement of financial position.

#### (h) Foreign currencies

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss and other comprehensive income.

#### (i) Loans and receivables

Loans and receivables comprise the finance loans provided to external parties principally to fund insurance premiums and related statutory charges which include unearned interest, which is earned to provide a constant yield over the term of the loan.

#### (j) Property, plant and equipment

The cost of purchased property plant and equipment is the value of the consideration paid to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location

Depreciation is charged on a straight line basis so as to write off the cost of the property, plant and equipment to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Office equipment, furniture and fittings	5 years
Computer Equipment	4 years

#### (k) Employee benefits

##### (i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

##### (ii) Long term service benefits

A liability for long term service benefits is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market determined risk-adjusted discount rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### (l) Accounts payable and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period, which are unpaid. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Due to the short term nature of accruals held, its carrying amount approximates its fair value.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Cash

Cash is defined as cash at bank, on hand, bank overdrafts and cash equivalents, with an original maturity of 90 days or less. Cash equivalents include highly liquid investments such as short term deposits & bank accepted bills of exchange.

#### (n) Finance costs

Finance costs represent interest charged on funds borrowed by the Company to fund its premium funding business and are brought to account on an accruals basis.

### 2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including operational risk, tax risk, credit risk, liquidity risk and market risk. The Company's risk management programme seeks to minimise potential adverse effects on its financial performance.

The Company's principal financial instruments comprise finance loans provided to external parties principally to fund insurance premiums and related statutory charges.

#### (a) Operational risk

Structured risk assessment methodologies are used to identify risks and, if necessary formulate mitigation plans for each risk. This includes the operational risk which is the failure of people, processes and systems. The management of operational risk is broken down into separate risk classes to enable specific allocation of responsibility and ownership of particular risk areas. In this way identification and review of the key risks have been completed with the acceptable level of risk appetite and tolerance defined. With the continual reporting and monitoring of key risks they are assessed as to whether they are within acceptable levels and what action, if any, is required to reduce any excess risk.

#### (b) Tax risk

Tax risk is the risk that the Company is paying or accounting for an incorrect amount of income and/ or indirect tax, or that the tax positions that the Company has adopted is inappropriate. The Company has governance structures, policies and procedures in place to support full compliance with taxation law, perform best practice tax planning, and ensure effective tax risk management.

#### (c) Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their obligations. The Company's credit risk arises predominantly from premium funding activities. The maximum exposure to credit risk is the fair value of individual financial assets. The Company may hold credit insurance to mitigate credit risk in some instances, and the Company may receive pro-rated refunds of non-statutory insurance policies should the external party default on payment.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Standard & Poor's (S & P's) credit ratings of the counterparties. AAA is the highest possible rating.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Credit risk (continued)

	AA+	AA	AA-	Not Rated	Total
	\$000			\$000	\$000
<b>2019</b>					
Cash	15,230	-	-	-	15,230
Loans and receivables	-	-	-	182,759	182,759
GST receivable	-	327	-	-	327
Amounts due from related parties	-	-	-	43,759	43,759
<b>2018</b>					
Cash	11,518	-	-	-	11,518
Loans and receivables	-	-	-	149,484	149,484
GST receivable	-	2,646	-	-	2,646
Sundry debtors	-	-	-	46	46
Amounts due from related parties	-	-	-	8,984	8,984

#### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities that can be readily realised in order to fund the Company's operations.

The Company has in place arrangements to ensure adequate liquidity is maintained to fulfil its obligations, and avoid the need to unexpectedly liquidate investments to support operating cash flows. The procedures adopted include forecasting future cash requirements by identifying significant cash outflow obligations and allowing for the impact of possible but unexpected cash outflows. The cash position of the Company is monitored on a daily basis with set procedures. Service level agreements are maintained with several cash management providers.

The balance of amounts due to related parties and accounts payable and accruals as disclosed in the statement of financial position are expected to be settled within 1 year of the balance date and are therefore classified as current.

#### (f) Market risk

Market risk is the risk that changes in market pricing will affect the Company's income or carrying value of the Company's financial assets.

##### (i) Foreign currency risk exposures

The Company is not exposed to any foreign currency risks as all financial assets and financial liabilities are held in New Zealand Dollars.

##### (ii) Price risk

The Company does not hold any securities that expose the Company to price risk, or commodity risk.

##### (iii) Interest rate risk

The exposure to interest rate risk results from the holding of financial assets in the normal course of business.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (f) Market risk (continued)

##### (iv) Summarised sensitivity analysis

The following table summarises the impact of increases/decreases in interest rates on the Company's post-tax profit for the year and on profit. The analysis is based on a scenario where interest rates had increased/decreased by a nominal amount of 1% at year end with all other variables held constant.

	Carry Amount \$000	-1% Profit/Equity Account \$000	+1% Profit/Equity Account \$000
<b>2019</b>			
<b>Financial assets</b>			
Cash	15,230	(110)	110
Loans and receivables	182,759	1,316	(1,316)
<b>Total financial assets</b>	<b>197,989</b>	<b>1206</b>	<b>(1206)</b>

<b>2018</b>			
<b>Financial assets</b>			
Cash	11,518	(83)	83
Loans and receivables	149,484	1,076	(1,076)
<b>Total financial assets</b>	<b>161,002</b>	<b>993</b>	<b>(993)</b>

#### (g) Fair value estimation

The carrying value of cash and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their fair value due to the short term nature of the financial assets and financial liabilities.

### 3. AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
Audit of financial statements	19,696	17,340
Taxation related services	12,500	12,500

## Notes to the Financial Statements

For the year ended 31 December 2019

### 4. INCOME TAX EXPENSE

	2019 \$'000	2018 \$'000
<b>(a) Income tax expense</b>		
Current tax expense	1,504	1,730
Movement in deferred tax	(108)	35
Over provision in prior years	4	-
<b>Total income tax expense recognised</b>	<b>1,400</b>	<b>1,765</b>
<b>(b) Reconciliation of effective tax rate</b>		
Profit before tax	4,940	6,239
Income tax at 28%	1,383	1,747
Non-deductible expense	13	18
Over provision in prior years	4	-
<b>Total income tax expense</b>	<b>1,400</b>	<b>1,765</b>
<b>(c) Deferred tax asset</b>		
Tax effect at 28% attributable to:		
Employee entitlements	88	97
Provision for doubtful debts	137	136
Expected credit loss	49	48
Accounting carrying value of fixed assets	-	(113)
Tax base of fixed assets	-	129
Other provisions and accruals	400	268
<b>Total deferred tax asset</b>	<b>674</b>	<b>565</b>



## Notes to the Financial Statements

For the year ended 31 December 2019

### 5. LOANS AND RECEIVABLES

	2019 \$000	2018 \$000
Loans and receivables	191,500	157,135
Less: Unearned income	(8,254)	(7,164)
	<b>183,246</b>	<b>149,971</b>
Less: Allowance for impairment	(661)	(658)
<b>Total loans and receivables</b>	<b>182,585</b>	<b>149,313</b>

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Impairment \$'000
Balance at 1 January 2018	647
Impairment incurred	30
Amounts written off	(30)
Movement in expected credit loss	11
<b>Balance at 31 December 2018</b>	<b>658</b>
Impairment incurred	74
Amounts written off	(74)
Movement in expected credit loss	3
<b>Balance at 31 December 2019</b>	<b>661</b>

#### Ageing of receivables:

As at 31 December 2019 receivables of the Company with a nominal value of \$486,385 (2018: \$486,963) were impaired. The amount of the provision for impairment was \$487,160 (2018: \$487,160).

The ageing of these impaired receivables is as follow:

	2019 \$'000	2018 \$'000
0 to 3 months	445	462
3 to 6 months	35	2
Over 6 months	7	23
<b>Balance at 31 December</b>	<b>487</b>	<b>487</b>

### 6. OTHER ASSETS

GST receivable	327	2,638
Income tax prepaid	-	7
Sundry debtors	-	46
Prepayments	2,583	2,295
<b>Total other assets</b>	<b>2,910</b>	<b>4,986</b>

### 7. CONTRIBUTED EQUITY

	2019 \$000	2018 \$000
Balance at 1 January	38,500	38,500
<b>Balance at 31 December</b>	<b>38,500</b>	<b>38,500</b>

The company has 43,099,596 (2018: 43,099,596) ordinary fully paid shares. All shares have equal voting rights.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 8. RELATED PARTIES

- (a) The key management personnel of the Company consisted of the Director of the Company and its Chief Executive Officer, M.R. Guppy (appointed 6 March 2017).
- (b) The name of the person holding the position of Director of the Company during or since the end of the reporting period is D.G. Hosking.
- (c) The Company is a wholly owned controlled entity of Allianz Australia Limited. The Ultimate parent entity is Allianz SE, incorporated in Germany.
- (d) A number of Directors of the Company, or their Director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.
- (e) The relationship between Allianz New Zealand Limited and its related parties is summaries in the table below:

Related Party	Relationship to Allianz New Zealand Limited
Allianz Australia Limited	Parent company, incorporated in Australia
Allianz Australia Insurance Limited	100% owned subsidiary of Allianz Australia Limited
Allianz Australia Insurance Limited – New Zealand Branch	Receives administrative services from the Company
Allianz Australia Services Pty Limited	100% owned subsidiary of Allianz Australia Limited
Allianz SE	Ultimate parent entity, incorporated in Germany
Club Marine Limited	100% owned subsidiary of Allianz Australia Insurance Limited
Euler Hermes New Zealand Limited	100% owned subsidiary of Allianz SE
Primacy Underwriting Management Limited	100% owned subsidiary of Allianz Australia Insurance Limited

- (f) The following types of transactions have arisen between the Company and related entities:

- i. Loan advances;
- ii. Loan repayments;
- iii. Fees for funds management services;
- iv. Expenses incurred on their behalf and recharged; and

- (g) The company had the following transactions with related parties during the year:

	2019	2018
	\$	\$
<b>Outgoings</b>		
Allianz Australia Insurance Limited in relation to interest on funds borrowed for the premium funding business	3,379,199	3,538,914
<b>Income</b>		
Allianz Australia Insurance Limited - New Zealand Branch for expenses incurred on their behalf, including a management fee of 7.5%	7,920,961	7,628,407

## Notes to the Financial Statements

For the year ended 31 December 2019

### 8. RELATED PARTIES (CONTINUED)

(h) Balance with related parties as at 31 December:

	2019	2018
	\$	\$
<b>Amounts due from related parties</b>		
Allianz Australia Insurance Limited - New Zealand Branch	43,023,456	8,186,964
Primacy Underwriting Management Limited	732,277	732,277
Euler Hermes New Zealand Limited	3,228	64,410
<b>Total amounts due from related parties</b>	<b>43,758,961</b>	<b>8,983,651</b>
<b>Amounts due to related parties</b>		
Allianz Australia Insurance Limited	173,023,169	114,718,184
Allianz Australia Services Pty Limited	4,779,620	1,568,261
Club Marine Limited	993,482	960,594
<b>Total amounts due to related parties</b>	<b>178,796,271</b>	<b>117,247,039</b>

The amounts are unsecured and repayable on demand. The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis.

### 9. CONTINGENT LIABILITIES

The Company has no contingent liabilities at 31 December 2019 (2018: Nil).

### 10. CAPITAL MANAGEMENT STRATEGY

The Company's capital management strategy is based on its capital needs to meet statutory requirements, achieved through management of the statement of financial position and consideration of the capital mix.

### 11. COMMITMENTS

	2019	2018
	\$'000	\$'000
Obligations payable after balance date on non cancellable leases are as follows:		
Not later than one year	68	110
Later than one year and not later than 5 years	49	184
<b>Total lease commitments</b>	<b>117</b>	<b>294</b>

Amounts disclosed above relate to the Company's motor vehicle leases. These are classified as short term leases in accordance with AASB 16.

In addition, the company has no commitment for future capital expenditure as at 31 December 2019.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 12. KEY MANAGEMENT PERSONNEL COMPENSATION

Name	Position	Term as KMP	
<b>Directors</b>			
D. Hosking	Director	Full Year	
L. Callahan	Chief Risk Officer	Full year	
T. Dawson	Chief Human Resources Officer		Resigned 17 October 2019
V. Drakousis	Chief Human Resources Officer		Appointed 29 April 2019
D. Krawitz	Chief Operating and Transformation Officer	Full year	
M. Raumer	Chief Financial Officer	Full year	
H. Silver	Chief General Manager – Corporate, Governance and Conduct	Full year	

#### (a) Transactions with key management personnel

	2019	2018
	\$	\$
Short term employee benefits	121,451	113,440
Post employment benefits	5,647	3,728
Long term employee benefits	28,158	26,383
Share-based payments	35,508	32,293
<b>Total benefits paid, payable, or otherwise provided by the Company in relation to the key management personnel</b>	<b>190,763</b>	<b>175,844</b>

#### (b) Loans and other transactions with key management personnel

The Company sold insurance to key management personnel during the period within normal employee or customer relationships on terms and conditions no more favourable than those available on similar transactions to other employees.

## Notes to the Financial Statements

For the year ended 31 December 2019

### 13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2019 \$000	2018 \$000
<b>(a) Cash reconciliation</b>		
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>15,230</b>	<b>11,518</b>
<b>(b) Reconciliation of profit after income tax to net cash inflows from operating activities</b>		
Profit for the year	3,540	4,474
<b>Non-cash movements:</b>		
Depreciation	121	121
<b>Change in assets and liabilities:</b>		
Increase in loans and receivables	(33,275)	(29,074)
Increase in deferred tax assets	(109)	(8)
Increase in income tax payable/(receivable)	1,501	-
Increase/(decrease) in creditors and amounts owed to related companies	26,774	39,838
(Increase)/decrease in other receivables	2,076	(2,137)
(Decrease)/increase in other liabilities	3,135	(2,260)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,763</b>	<b>10,954</b>

### 14. SUBSEQUENT EVENTS

Information on matter or circumstances that have arisen in the interval between 31 December 2019 and the date of this report which, in the opinion of the Directors, have significantly affected, or may significantly affect subsequent reporting periods, the operations of the Company, the results of those operations or the state of the affairs of the Company is disclosed below.

#### COVID-19

COVID-19 has emerged as a risk in the interval between the 31 December 2019 and this report. This risk has the potential to impact the company with increased operational risk and costs as the Company responds to the emerging events, including the availability of staff and premises. At the date of this report an estimate of the financial effect of this event cannot be made.