Co-op Insurance NZ

The trading name of CUI Insurance Limited

Annual Report

for the year ended

30 JUNE 2019

Co-op Insurance NZ
Annual Report 30 June 2019

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Co-op Insurance NZ

Directory

Nature of Business	Insurance Underwriters
Registered Office & Location of Business	Level 3 25 Teed Street Newmarket Auckland 1023
Incorporation Number	1228808
NZ Business Number	9429036392063
IRD Number	85-937-081
Directors	C Matthews Chair C Gold Director G Clouston Director
Paid in Capital	$17,250,000
Auditor	PricewaterhouseCoopers 188 Quay Street Auckland 1142
Bankers	Co-op Money NZ 25 Teed Street Newmarket Auckland 1023
Solicitors	Bell Gully Vero Building 48 Shortland Street Auckland 1010

Independent auditor's report

To the shareholder of CUI Insurance Limited trading as Co-op Insurance NZ

We have audited the financial statements which comprise:

- the statement of financial position as at 30 June 2019;
- the underwriting income statement for the year ended 30 June 2019;
- the underwriting and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements of CUI Insurance Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 30 June 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).

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.

Emphasis of matter – basis of accounting

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. Following the sale of the insurance business the Company has discontinued its Life and Non-Life business operations. The financial statements for the year ended 30 June 2019 have therefore been prepared on a realisation basis.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall materiality: $79,000.

Because the sale of insurance business had a significant impact on the Company's financial position and performance, we have determined this as the key audit matter.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operated.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's financial statements of the current year. We have one key audit matter, which is the sale of the Company's insurance business. This matter was addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Sale of the Company's insurance business Refer to note 7 and 21 to the financial statements for disclosures of the sale of the Company's insurance business. The Company entered into agreements with Provident Insurance Corporation Limited and Pinnacle Life Limited to sell its insurance business. The agreements were executed in July and August 2018, respectively, after the Reserve Bank of New Zealand granted approval to transfer the businesses. The sale of the insurance business was an area of focus for our audit as this transaction had a significant impact on the Company's financial position and performance for the year ended 30 June 2019. As a consequence, the financial statements have been prepared on a realisation basis. The gain on the sale of the insurance business was measured as the amount of consideration received reduced by the carrying amount of the net assets disposed of and is presented in the Underwriting and Statement of Comprehensive Income within 'Other income'.	We considered management's accounting and disclosures for the sale of the insurance business in the Company's financial statements against the requirements of the accounting standards. We agreed the value of the sale consideration received to the agreements and bank statements. We also tested the carrying amount of the net assets sold as at the date when the transaction was completed as follows: • We agreed significant balances of assets and liabilities sold to the trial balance as at 31 July 2018 and valuation reports prepared by the independent actuaries, • We obtained an understanding of significant movements between the trial balance as at 31 July 2018 and the trial balance as at 30 June 2018 and investigated the reasons for those movements. • We agreed the schedule of assets and liabilities sold to the sale and purchase agreements. We also considered if all assets are properly valued on a realisation basis as at 30 June 2019. From the procedures performed, we have no matters to report.

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.

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 Shareholder determines 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.

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/assurance-standards/auditors-responsibilities/audit-report-2/

This description forms part of our auditor's report.

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.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
10 September 2019

Auckland

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UNDERWRITING INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Premium Income			
Gross Written Premium		571,008	7,900,714
Unearned Premium Movement		9,652	1,989,547
Gross Earned Premium	6	580,660	9,890,261
Premium Funding Income		39,211	514,284
Reinsurance Premium Ceded		(19,915)	(304,361)
Net Earned Premium	3	**599,956**	**10,100,184**
Claims Expenses			
Claims		652,537	8,032,521
Movement in Outstanding Claims		(230,246)	(1,139,685)
Recoveries Received		(36,332)	(643,552)
Movement in Expected Third Party Recoveries		10,694	(58,087)
Total Claims Expenses	3	**396,653**	**6,191,197**
Other Expenses			
Acquisition Costs	3	73,038	2,268,674
Total Other Expenses		**73,038**	**2,268,674**
Total Expenses		**469,691**	**8,459,871**
Net Underwriting Income Profit	3	**130,265**	**1,640,313**

This statement should be read in conjunction with the accompanying notes.

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UNDERWRITING AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Income			
Other Income	7	2,153,046	295,819
Interest Income		17,954	138,569
Total Income		**2,171,000**	**434,388**
Expenses			
Depreciation		6,490	2,591
Amortisation	15	399,477	172,388
Employee Costs	8	336,847	1,017,679
Director Fees & Expenses		-	-
Administration and Operating Costs		98,968	1,579,259
Auditor Remuneration	9	23,613	63,855
Legal Fees		24,062	90,198
Total Expenses		**889,457**	**2,925,970**
Underwriting Result			
Other Non-life	3	208,672	1,550,328
Motor Vehicle	3	(102,277)	(391,962)
Life	3	23,870	481,947
Total Underwriting Surplus		**130,265**	**1,640,313**
Net Operating Profit/(Loss) before Taxation		**1,411,808**	**(851,269)**
Income Tax Expense	10	-	-
Total Comprehensive Income for the Year		**1,411,808**	**(851,269)**

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital $	Perpetual Preference Shares $	Accumulated Deficit $	Total $
Opening Balance - 1 July 2017		17,250,000	1,250,000	(13,810,403)	4,689,597
Dividends on Perpetual Preference Shares		-	-	(125,000)	(125,000)
Total Comprehensive Loss after Tax		-	-	(851,269)	(851,269)
Closing Balance - 30 JUNE 2018		**17,250,000**	**1,250,000**	**(14,786,672)**	**3,713,328**
Dividends on Perpetual Preference Shares		-	-	125,000	125,000
Total Comprehensive Income after Tax		-	-	1,411,808	1,411,808
Closing Balance - 30 JUNE 2019		**17,250,000**	**1,250,000**	**(13,249,864)**	**5,250,136**

This statement should be read in conjunction with the accompanying notes.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30 June 2019 $	30 June 2018 $
Total Equity	11	**5,250,136**	**3,713,328**
Assets			
Cash and Cash Equivalents	12	156,334	3,975,085
Accounts Receivable	13	5,209,442	2,263,794
Expected Recoveries	3, 14	-	216,098
Future Funded Premiums	4	-	4,740,773
Deferred Acquisition Costs	5	-	286,501
Prepaid Expenses		-	14,126
Intangible Assets	15	-	264,804
Property, Plant and Equipment		-	6,490
Other Assets		-	448,188
GST Receivable		9,624	170,264
Total Assets		**5,375,400**	**12,386,123**
Liabilities			
Tax Payable		2,117	1,754
Accounts Payable	16	123,147	339,621
Reinsurance Payable		-	36,147
Outstanding Claims Liability	3	-	2,229,268
Commissions Payable		-	10,642
Unearned Premium Liability	6	-	4,590,363
Income in Advance - Sale of Business	21	-	1,465,000
Total Liabilities		**125,264**	**8,672,795**
Net Assets		**5,250,136**	**3,713,328**

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This statement should be read in conjunction with the accompanying notes.

These Financial Statements were authorised for issue by the Board of Directors on 10 September 2019 and were signed for on its behalf.

Claire Matthews
Chair

Craig Gold
Director

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash Flows from Operating Activities			
Cash was received from:			
Premiums Received		815,827	10,402,370
Premium Funding Income		-	514,284
Interest Received		17,954	137,443
Claims Recoveries		36,332	677,777
Other Income		228,468	521,739
Tax Refunded		161,003	-
		1,259,585	12,253,613
Cash was applied to:			
Claims and Rebates Paid		1,003,442	8,436,907
Reinsurance Paid		41,505	353,353
Employee Costs		350,269	1,116,933
Directors' Fees & Expenses		-	-
Acquisition Costs		74,155	1,435,254
Underwriting Income Transferred to Provident		128,236	761,064
Administration and Operating Costs		374,175	2,146,497
		1,971,781	14,250,008
Net Cash Flow used in Operating Activities	22	**(712,196)**	**(1,996,395)**
Cash Flows from Investing Activities			
Cash was received from:			
Proceeds from Sale of Investments		-	4,121,178
Proceeds from sale of business		651,121	-
		651,121	4,121,178
Cash was applied to:			
Purchase of Intangible Assets and Property, Plant and Equipment		134,673	-
Lending		3,601,770	-
		3,736,443	-
Net Cash Flows from Investing Activities		**(3,085,321)**	**4,121,178**
Cash Flows from Financing Activities			
Cash was applied to:			
Dividend on Ordinary Shares		-	-
Dividend on Perpetual Preference Shares		(21,233)	(125,000)
Net Cash Flow used in Financing Activities		**(21,233)**	**(125,000)**
Net Increase/(Decrease) in Cash		**(3,818,751)**	**1,999,783**
Cash at the beginning of the year		3,975,085	1,975,302
Cash at the end of the year		**156,334**	**3,975,085**

This statement should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 GENERAL INFORMATION

Co-op Insurance NZ, the trading name of CUI Insurance Limited (the "Company"), provided insurance in New Zealand and is an issuer in terms of the Financial Reporting Act 2013 by the terms of the licence issued on 1 April 2013 by the Reserve Bank of New Zealand under the Insurance (Prudential Supervision) Act 2010. This license has been given up and was cancelled on 5 November 2018. The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Company have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013. It is a Company incorporated and domiciled in New Zealand. Its registered office is included within the Directory on page 3 of the annual report.

Basis of Preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards. These financial statements also comply with International Financial Reporting Standards.

Presentation of the statement of financial position

The Company's insurance and related assets were realised and settled over periods of several years, reflecting the long-term nature of the Company's products. Accordingly, the Company presents the assets and liabilities in its statement of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Company regards its intangible assets, and plant and equipment, as non-current assets as these were held for the longer-term use of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting Policies

The financial statements have been prepared on a realisation basis on the basis that the Life and Non-Life Business operations for the entity have been discontinued in the 2018/19 Financial Year. Co-op Insurance NZ non-life insurance business was sold to Provident Insurance Corporation Limited with agreement dated on 15 December 2017. The transaction was completed after RBNZ approved the transfer application on 23 July 2018 for non-life insurance business, and on 9 August 2018 for life insurance business. As part of this transaction the Life Business has been transferred to Pinnacle Life Limited. The business is reported in current and previous periods as discontinued operation for Motor Vehicle, Other Non Life Business. Refer to note 21.

The Company has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Company is a Tier 1 entity.

Foreign Currency Translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in New Zealand Dollars, which is the Company's functional and presentation currency. All values have been rounded to the nearest dollar ($) unless otherwise stated.

Critical Judgement's and Estimates in Applying the Accounting Policies

In the application of NZ IFRS the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these Financial Statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. However, the Company does make estimates and assumptions concerning the future.

Significant Accounting Policies

The following particular accounting policies which materially affect the measurement of profit and financial position have been applied.

(a) Significant Accounting Policies Related to Insurance Contracts

The insurance products meet the definition of an insurance contract (a contract under which one party, the insurer, accepts significant risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder) and none of the contracts contain embedded derivatives or are required to be unbundled.

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(b) Income Attributable to Insurance Business

Premium revenue comprises amounts charged to policyholders and excludes fire service and earthquake levies collected on behalf of statutory bodies. The earned portion of premium received and receivable is recognised as revenue. Premium and commission revenue is recognised as earned from the date of attachment of risk (Generally the date a contact is agreed to) over the period of the related insurance contract in accordance with the pattern of the risk expected under the contract. The unearned portion of premium is recognised as an unearned premium liability on the Statement of Financial Position.

(c) Reinsurance Expense

Premium ceded to reinsurers is recognised as an expense that is evenly spread from the date of attachment of risk to the end of the period of the reinsurance contract over the period of indemnity of the reinsurance contract.

(d) Claims

Claims for Life, Funeral Plan and Non-Life insurances are valued at the insured value.

For Motor Vehicle insurance, the estimation for outstanding claims liability is based on actual advised cost or, where final cost is uncertain, advice from independent professional assessors. These may be supplemented over the life of the claim by revisions, made by experienced claims staff as the claim develops. The estimates are reduced by actual claims payments made. A percentage factor is added to allow for claims that are closed at balance date but will be reopened. This is calculated by analysing past claims to determine the historical incidence of claims being reopened. An overhead and risk margin is added to arrive at the final liability estimate.

Claims expense represents claim payments adjusted for movement in the outstanding claims liability.

The estimation of the outstanding claims liability involves a number of key assumptions and is the most critical accounting estimate. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and employs external actuarial advice. However, given the uncertainty in establishing the liability, it is likely that the final outcome will be different from the original liability established. Changes in claims estimates impact profit or loss in the year in which the estimates are changed.

(e) Recoveries Received

When a claim from the insured exceeds the threshold of our reinsurers, a claim is lodged with the reinsurers and the reinsurance is recognised as income. Reinsurance does not relieve the originating insurer of its liabilities to policyholders.

(f) Property, Plant and Equipment

Assets are depreciated on a straight line basis at rates calculated to allocate the asset's cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

Assets are carried at historic cost value less accumulated depreciation. The useful lives attributed to various assets are:
- Furniture, Fittings and Office Equipment up to 10 years
- Computer Equipment 3 years
- Motor Vehicles 4 years.

(g) Intangibles

Intangible assets represent software that is initially measured at cost. Following initial recognition intangible assets are carried at cost less accumulated amortisation and any impairment losses.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the relevant accounting standards are met.

(h) Impairment of Tangible and Intangible Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Underwriting and Statement of Comprehensive Income.

(i) Financial Instruments

(1) Financial Assets

(i) Assets at amortised costs are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest method less any impairment. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the income statements. The net gain or loss recognised in the income statements includes any dividend or interest earned on the financial assets.

(2) Financial Liabilities

Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost. Any discount or premium arising on settlement, including the direct fees incurred on set up, are amortised through the Underwriting and Statement of Comprehensive Income over the life of the contract using the effective interest rate.

(3) Offsetting Financial Instruments

A financial asset and a financial liability shall be offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
No financial assets and liabilities are offset as there is no legally enforceable right to offset (2018: $Nil).

(j) Taxation

Current Tax

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

Deferred Tax

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items. Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Underwriting and Statement of Comprehensive Income.

(k) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of Foods and services is not recoverable from Inland Revenue in which case the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.

Receivables and payables, are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

(l) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Underwriting and Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue is classified as operating cash flow. The following are definitions of the terms used in the Statement of Cash Flows:

- Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes' in value.
- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings.

(m) Comparative Financial Statements
All accounting policies have been applied on consistent bases with prior years for revenue and expenses while the assets and liabilities have been applied on a realisation basis as at 30 Jun 2018 and 30 Jun 2019.

(n) Premium Funding Income
Premiums paid by instalments incur a charge for funding costs and this Premium Funding Income is recognised in the accounts when each instalment is paid.

(o) Future Funded Premiums

Future funded premiums represent unpaid premium instalments at balance date covering the remaining term of the customers' insurance contracts. Future funded premiums are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. Collectability of future funded premiums is reviewed on an on-going basis. The impairment assessment in relation to these premiums are determined by reference to current customer circumstances and past experience.

(p) Expected Recoveries
Expected Recoveries, receivable from third parties involved in the accidents and liable for the damage, is calculated by discounting the Recoveries ledger by a range of factors and then adding on an allowance to recognise that a portion of the Outstanding Claims Liability will also be recovered. The allowance is based on historical monies recovered against claims paid.

(q) Accounting standards adopted during the year

The following standards, amendments and interpretations to existing standards have been published:
- NZ IFRS 9 Financial Instruments is effective for the periods beginning on or after 1 Jan 2018. The company has adopted the new standard, but it does not have a material impact on the company's financial statements.
- NZ IFRS 15 Revenue from Contracts with Customers is effective for periods beginning on or after 1 Jan 2018. The company has adopted the new standards. However, as the company has sold the business, IFRS 15 does not have a material impact on the company's financial statements.

(r) New accounting standards and interpretations issued not yet effective and have not been early adopted by the

- NZ IFRS 16 Leases is effective for the periods beginning on or after 1 Jan 2019
- NZ IFRS 17 Insurance Contracts is effective for periods beginning on or after 1 Jan 2021.

The impact of above two standards has not been assessed as the Company has discontinued its business operations.

3 UNDERWRITING RESULTS

	2019 $	2018 $
Life Insurance		
Gross Earned Premium	73,881	1,444,591
Reinsurance Premiums	-	-
Net Earned Premium prior to Rebates	**73,881**	**1,444,591**
Gross Claims	36,281	769,896
Reinsurance Received	-	-
Net Claims	**36,281**	**769,896**
Commission	13,731	192,748
Underwriting Result	**23,869**	**481,947**
Credit Union Rebates	-	-
	23,870	**481,947**
Other non-life Insurance		
Gross Earned Premium	193,251	2,473,811
Reinsurance Premiums	-	-
Net Earned Premium prior to Rebates	**193,251**	**2,473,811**
Gross Claims	(61,195)	325,944
Reinsurance Received	-	-
Net Claims	**(61,195)**	**325,944**
Commission	45,774	597,539
Underwriting Result	**208,672**	**1,550,328**
Credit Union Rebates	-	-
	208,672	**1,550,328**
Motor Vehicle Insurance		
Gross Earned Premium	316,004	6,005,179
Premium Funding Income	39,211	514,284
Reinsurance Premiums	(22,391)	(337,681)
Net Earned Premium prior to Rebates	**332,824**	**6,181,782**
Gross Claims	421,568	5,095,357
Reinsurance Received	-	-
Net Claims	**421,568**	**5,095,357**
Commission & Acquisition Costs	13,533	1,478,387
Underwriting Result	**(102,277)**	**(391,962)**
Credit Union Rebates	-	-
	(102,277)	**(391,962)**
Total Insurance		
Net Earned Premium prior to Rebates	**599,956**	**10,100,184**
Net Claims	396,653	6,191,197
Commissions	73,038	2,268,674
Underwriting Result	**130,263**	**1,640,313**
Credit Union Rebates	-	-
Insurance Claims, Commission and Rebates	**469,691**	**8,459,871**
Total Underwriting Result after Commission and Rebates	**130,265**	**1,640,313**

Life and Other Non-life
The Life and Other insurance contracts consist of Group schemes providing death, disability, redundancy, trauma and bankruptcy benefits on a unit rated basis, and a Group scheme providing funeral benefits on the basis of individually rated premiums.

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	2019 $	2018 $
Outstanding Claims Liability		
Life Insurance		
Opening Claims Liability	58,845	65,000
Liability acquired on transfer of business	-	-
Claims Expense	36,281	769,896
Claims Paid	(35,063)	(776,051)
Claims sold	(60,063)	-
Closing Claims Liability	-	**58,845**
Other Non-life Insurance		
Opening Claims Liability	614,253	1,487,378
Liability acquired on transfer of business	-	-
Claims Expense	(61,195)	325,944
Claims Paid	(72,069)	(1,199,069)
Claims sold	(480,989)	-
Closing Claims Liability	-	**614,253**
Motor Vehicle Insurance		
Opening Claims Liability	1,556,170	1,815,692
Claims Expense	447,206	5,796,996
Claims Paid	(538,126)	(6,056,518)
Claims sold	(1,465,250)	-
Closing Gross Claims Liability	-	**1,556,170**
Total Gross Outstanding Claims Liability	-	**2,229,268**
Motor Vehicle Expected Recoveries Receivable		
Opening Expected Recoveries	216,098	158,011
Increase In Expected Recoveries	738,032	710,514
Actual Third Party Recoveries Received	(748,726)	(652,427)
Expected Recoveries sold	(205,404)	-
Closing Expected Recoveries	-	**216,098**
Closing Claims Liability	-	**1,340,072**
Motor Vehicle net Claims Liability	-	**1,340,072**
Total Net Outstanding Claims Liability	-	**2,013,170**

	$	$
Composition of Outstanding Claims Liability		
Life Insurance		
Outstanding Claims	-	-
IBNR	-	58,845
Closing Claims Liability	-	**58,845**
Other Non-life Insurance		
Outstanding Claims	-	527,667
Indirect Claims Management Allowance - 8.5% (2018 - 8.5%)	-	48,121
Risk Margin - Nil (2018 - Nil)	-	-
IBNR	-	38,465
Closing Claims Liability	-	**614,253**
Motor Vehicle Insurance		
Outstanding Claims	-	1,109,800
Risk Margins - 10% (2018 - 10.0%)	-	110,980
Indirect Claims Management Allowance - 12.5% (2018 - 12.5%)	-	138,725
IBNR	-	196,664
Closing Gross Claims Liability	-	1,556,169
Closing Expected Recoveries	-	(216,098)
Closing Claims Liability	-	**1,340,071**
Total Net Outstanding Claims Liability (current)	-	**2,013,170**

4 FUTURE FUNDED PREMIUMS

Future funded premiums includes policies that provide cover for up to 3 years.	2019	2018
	$	$
To be collected within 12 months	-	3,519,042
To be collected after 12 months	-	1,221,731
	-	4,740,773

5 DEFERRED ACQUISITION COSTS

Reconciliation of Movements for the Financial Year

	2019	2018
	$	$
Opening Deferred Acquisition Costs	286,501	1,176,554
Acquisition Costs Paid	74,155	1,435,254
Acquisition Costs Released	355,341	(2,325,307)
Acquisition Costs Sold	(715,997)	-
Closing Deferred Acquisition Costs	-	286,501
To be expensed within 12 months	-	171,901
To be expensed after 12 months	-	114,600
	-	286,501

Acquisition costs are commission costs and represent seller and agency commissions paid to third parties to acquire insurance policies. These are expensed over the life of the policy. Commissions are paid up front upon receipt of premium and expensed over the life of the policy. These are limited to the amount expected to be recoverable under the Liability Adequacy Test conducted by the Actuary in terms of NZ IFRS 4.

6 UNEARNED PREMIUM LIABILITY

Reconciliation of Movements for the Financial Year

	2019	2018
	$	$
Opening Unearned Premium Liability	4,590,363	6,579,910
Gross Written Premium for the Period Before Cancellations	571,932	11,615,588
Premiums Cancelled During the Year	(185,003)	(3,714,874)
Gross Earned Premiums Recognised During the Year	(580,660)	(9,890,261)
Unearned Premium Liability Sold	(4,396,632)	-
Closing Unearned Premium Liability	-	4,590,363
To be earned within 12 months	-	3,407,394
To be earned after 12 months	-	1,182,969
	-	4,590,363

7 OTHER INCOME

	Note	2019 $	2018 $
Transition Service Fees from Provident		217,391	608,696
Net proceed from sale of the Insurance business		1,935,655	-
Purchase Price for Sale of the Insurance Business		*2,465,000*	-
less Prescribed Cash Paid		*(1,239,720)*	-
less Underwriting Income Transferred to Provident	21	*(448,187)*	(312,877)
Plus Net Liabilities and write off		*1,158,562*	-
TOTAL OTHER INCOME		2,153,046	295,819

8 EMPLOYEE COSTS

	2019 $	2018 $
Salaries	67,543	907,974
Other Staff Costs	269,304	109,705
TOTAL EMPLOYEE COSTS	336,847	1,017,679

9 AUDITOR REMUNERATION

	2019 $	2018 $
Auditor's Remuneration		
- Audit Fees paid to PricewaterhouseCoopers	23,613	47,225
-Taxation Compliance	-	10,630
-Other Statutory Returns	-	6,000
TOTAL AUDITORS REMUNERATION	23,613	63,855

10 TAXATION

	2019 $	2018 $
Income Tax Recognised in Profit or Loss		
(Loss)/Profit before Taxation	1,411,808	(851,269)
Income Tax at Current Rate of 28%	395,306	(238,355)
Exempt income	(541,983)	-
Under (over) provided in prior periods	111,985	-
Dividends on Perpetual Preference Shares	35,000	(35,000)
Non-Deductible Expenses	152,460	-
Creation of losses/(Utilisation of losses not previously recognised) as deferred tax assets	(152,768)	273,355
TAXATION EXPENSE	-	-
Current Tax Assets		
Tax Refund Receivable	-	-
	-	-

Taxation losses have been recognised to the extent of the deferred tax liability on temporary differences. The additional tax losses have not been recognised because there is not sufficient probability of taxable profits in future years to offset such losses. Tax losses are subject to Inland Revenue assessment in the next tax return and shareholder continuity requirements. Tax losses not recognised are $5,276,230.07 ($1,477,344 at the tax rate of 28%) (2018 : $4,099,185 ($1,147,772 at the tax rate of 28%)).

Deferred tax assets/(liabilities recognised are comprised of:	2019 $	2018 $
Deferred Tax Balance		
Deferred Tax Liabilities:		
Intangibles	-	(36,257)
Deferred Acquisition Costs	-	(80,220)
Tax Losses Utilised	(46,414)	-
	(46,414)	(116,477)
Deferred Tax Assets:		
Property, Plant and Equipment	1,523	-
Provision for Employee Entitlements	25,049	1,449
Intangibles	19,842	-
Tax Losses Recognised	-	115,028
	46,414	116,477

Imputation Credit Account
The balance of the Imputation Credit Account at 30 June 2019 is $Nil (2018 : $Nil).

		2019	2018
11	**EQUITY**	$	$
	Accumulated Deficit		
	Balance at the Beginning of the Year	(14,786,672)	(13,810,403)
	Dividends Paid on Perpetual Preference Shares	125,000	(125,000)
	Total Comprehensive loss for the Year	1,411,808	(851,269)
	Balance at the end of the Year	(13,249,864)	(14,786,672)
	Capital		
	Fully Paid Ordinary Share Capital -17,250,000 shares (2018 : 17,250,000 shares)	17,250,000	17,250,000
	Perpetual Preference Shares - 1,250,000 shares (2018 : 1,250,000)	1,250,000	1,250,000
		18,500,000	18,500,000
	Total Equity	5,250,136	3,713,328

The shares are fully paid up ordinary shares that do not have a par value.

		2019	2018
12	**CASH AND CASH EQUIVALENTS**	$	$
	Cash and Bank Balances	156,334	731,074
	Call Deposits	-	3,244,011
	Balance at Year End	156,334	3,975,085

		2019	2018
13	**ACCOUNTS RECEIVABLE**	$	$
	Trade Receivables	-	798,794
	Receivable from Co-op Money NZ	5,209,442	1,465,000
	Balance at Year End	5,209,442	2,263,794

		2019	2018
14	**EXPECTED RECOVERIES**	$	$
	Gross recoveries	-	221,653
	Provisions for Non Recoveries	-	(5,555)
	Balance at Year End	-	216,098

		2019	2018
15	**INTANGIBLES**		
	Computer Software	$	$
	Opening Cost at beginning of Year	1,230,482	1,254,142
	Additions	134,673	-
	Intangibles Written Off	(1,365,155)	(23,660)
	Closing Cost at Year End	-	1,230,482
	Opening Accumulated Amortisation at Beginning of Year	965,677	793,289
	Amortisation / Impairment Expense	399,477	172,388
	Intangibles Written Off	(1,365,155)	-
	Closing Accumulated Amortisation at Year End	-	965,677
	Net Book Value at Year End	-	264,804

		2019	2018
16	**ACCOUNTS PAYABLE**	$	$
	Trade Payables	33,687	243,777
	Employee Expenses Accrued	-	13,424
	Other Accrued Expenses	89,460	82,420
		123,147	339,621

17 **CONTINGENT LIABILITIES**

As part of the finalisation of the sale of the Co-op Insurance NZ insurance portfolio to Provident Insurance Corporation Ltd (Provident), Provident has informed Co-op Insurance NZ that it believes there is difference in the amount of the balance sheet technical provision to be transferred by Co-op Insurance NZ to Provident as calculated by Co-op Insurance NZ's independent actuary and Provident's appointed actuary (Prescribed Cash). Commercial negotiations are in progress at the time of signing these accounts. The accounts reflect the expected outcome of these negotiations. However, should this issue not be able to be settled between the parties then it would be referred for determination to an independent chartered accountant. In these circumstance Co-op Insurance NZ believes it has a strong case. The range of outcomes in this process for Co-op Insurance NZ could be between a payment to Provident from Co-op Insurance NZ of $726k plus costs or a payment from Provident to Co-op Insurance NZ of $156k plus costs.

18 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives

Co-op Money NZ provides services to the Company, including co-ordinating access to funding, a treasury function, providing banking facilities, and managing external banking relationships. The Company does not enter into or trade financial instruments for speculative purposes.

Financial Assets and Liabilities

The carrying amount of all financial assets and liabilities are considered to be equivalent to their fair value.

Financial instruments by category

	2019 $	2018 $
Loans and receivables at amortised cost		
Cash and cash equivalents	156,334	3,975,085
Investments	-	-
Accounts receivable	5,209,442	2,263,794
Other Assets	-	448,188
Expected Recoveries	-	216,098
Future Funded Premiums	-	4,740,773
Total loans and receivables	5,365,776	11,643,938
Total financial assets	5,365,776	11,643,938
Other financial liabilities at amortised cost		
Accounts payable	123,147	334,447
Reinsurance payable	-	36,147
Commissions payable	-	10,642
Outstanding Claims Liability	-	2,229,268
Total other financial liabilities at amortised cost	123,147	2,610,504
Total financial liabilities	123,147	2,610,504

Interest Rate Risk Management

Interest rate risk is the risk of loss to the Company arising from adverse changes in interest rates. This exposure in respect of Statement of Financial Position Assets and Liabilities depends on the degree of mismatch between the value of interest sensitive assets and liabilities. The risk is managed by investing on a short term basis as far as possible. The tables that follow show the relationship between interest sensitive financial assets and liabilities.

As at 30 JUNE 2019	Averaged Interest Rate	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	Non Interest Sensitive	Total
Assets								
Co-op Money NZ Call Account	0.5%	156,334	-	-	-	-	-	156,334
Other Cash Balances		-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-
Accounts Receivable		-	-	-	-	-	5,209,442	5,209,442
Expected Recoveries		-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-
Future Funded Premiums		-	-	-	-	-	-	-
		156,334	-	-	-	-	5,209,442	5,365,776
Liabilities								
Accounts Payable		-	-	-	-	-	123,147	123,147
Reinsurance Payable		-	-	-	-	-	-	-
Commissions payable		-	-	-	-	-	-	-
Outstanding Claims Liability		-	-	-	-	-	-	-
		-	-	-	-	-	123,147	123,147
On Balance Sheet Interest Sensitivity Gap		156,334	-	-	-	-	5,086,295	5,242,628

As at 30 JUNE 2018	Averaged Interest Rate	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	Non Interest Sensitive	Total
Assets								
Co-op Money NZ Call Account	0.5%	731,074	-	-	-	-	-	731,074
Other Cash Balances	2.7%	3,244,011	-	-	-	-	-	3,244,011
Investments		-	-	-	-	-	-	-
Accounts Receivable		-	-	-	-	-	2,263,794	2,263,794
Expected Recoveries		-	-	-	-	-	216,098	216,098
Other Assets		-	-	-	-	-	448,188	448,188
Future Funded Premiums		-	-	-	-	-	4,740,773	4,740,773
		3,975,085	-	-	-	-	7,668,853	11,643,938
Liabilities								
Accounts Payable		-	-	-	-	-	334,447	334,447
Reinsurance Payable		-	-	-	-	-	36,147	36,147
Commissions payable		-	-	-	-	-	10,642	10,642
Outstanding Claims Liability		-	-	-	-	-	2,229,268	2,229,268
		-	-	-	-	-	2,610,504	2,610,504
On Balance Sheet Interest Sensitivity Gap		3,975,085	-	-	-	-	5,058,349	9,033,434

Interest Rate Sensitivity Analysis

The sensitivity analyses have not been calculated as there are no floating rate assets or liabilities at 30 June 2019 (2018: $Nil).

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

As the company has been be discontinued in the 2018/19 Financial Year, the existing inter-company loan will be foregone in exchange for the equity.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

Liquidity Risk Management

Liquidity risk is the risk that the Company will have difficulty in meeting commitments associated with its financial liabilities and future commitments. The Company manages its exposure to liquidity risk by maintaining sufficient liquid funds to meet its commitments based on historical and forecast cash flow needs.

The tables that follow detail the Company's remaining contractual maturity for its financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

As at 30 JUNE 2019	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	Total
Assets						
Cash and Cash Equivalents	156,334	-	-	-	-	156,334
Investments	-	-	-	-	-	-
Accounts Receivable	-	5,209,442	-	-	-	5,209,442
Future Funded Premiums	-	-	-	-	-	-
Total Financial Assets	156,334	5,209,442	-	-	-	5,365,776
Liabilities						
Accounts Payable	123,147	-	-	-	-	123,147
Reinsurance Payable	-	-	-	-	-	-
Unearned Premium Liability	-	-	-	-	-	-
Commissions payable	-	-	-	-	-	-
Outstanding Claims Liability	-	-	-	-	-	-
Total Financial Liabilities	123,147	123,147	-	-	-	123,147
Net Liquidity Gap	33,187	5,086,296	1	-	-	5,242,630

As at 30 JUNE 2018	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	Total
Assets						
Cash and Cash Equivalents	3,975,085	-	-	-	-	3,975,085
Investments	-	-	-	-	-	-
Accounts Receivable	1,964,447	299,347	-	-	-	2,263,794
Expected Recoveries	216,098	-	-	-	-	216,098
Other Assets	448,188	-	-	-	-	448,188
Future Funded Premiums	1,453,345	2,065,697	1,090,838	130,892	-	4,740,773
Total Financial Assets	8,057,163	2,365,044	1,090,838	130,892	-	11,643,938
Liabilities						
Accounts Payable	334,447	-	-	-	-	334,447
Reinsurance Payable	36,147	-	-	-	-	36,147
Unearned Premium Liability	1,407,236	2,000,159	1,056,229	126,739	-	4,590,363
Commissions payable	10,642	-	-	-	-	10,642
Outstanding Claims Liability	2,229,268	-	-	-	-	2,229,268
Total Financial Liabilities	4,017,740	2,000,159	1,056,229	126,739	-	7,200,867
Net Liquidity Gap	4,039,423	364,885	34,609	4,153	-	4,443,071

19 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value measurements are recognised through the Underwriting and Statement of Comprehensive Income. Financial instruments are categorised into 3 levels:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. Cash and Cash Equivalents are balances held with financial institutions at current interest rates on overnights or short term investments and approximate fair value as the rates approximate current rates and there is low risk of default by the banks. The Directors' current view is that the inter-group loan's carrying amount is at approximate fair value.

20 RELATED PARTY DISCLOSURES

Parent Company

The Parent Company is CU Securities Limited.

Ultimate Controlling Party

The ultimate controlling party is New Zealand Association of Credit Unions trading as Co-op Money NZ.

Transactions with Parent and Ultimate Controlling Entity	2019 $	2018 $
Information technology services charged by Co-op Money NZ	60,087	47,040
Management services charged by Co-op Money NZ	-	807,577
Rent charged by Co-op Money NZ	-	107,600
Portfolio Management Fees by Co-op Money NZ	-	4,309
Dividend paid on Perpetual Preference Shares	(125,000)	125,000
Interest income from / (expense to) Co-op Money NZ	2,669	8,473
Insurance services were provided to Co-op Money NZ	-	3,332
Intangibles bought from Co-op Money NZ	134,673	-

Most of services were cancelled because of sale of the business.
Related party transactions were made on terms equivalent to those that prevail in commercial transactions.

Due (to) / from Related Parties	2019 $	2018 $
Co-op Money NZ provides banking facilities to the Company. The amount held in current accounts and on short term deposit was	156,334	731,074
Included in Accounts Payable, due to Co-op Money NZ	98	110,975
Included in Accounts Receivable, due from Co-op Money NZ	5,213,003	1,465,000

These amounts do not bear interest and are payable on normal trading terms.

Key Management Personnel Compensation

No compensation was paid to any Director or executive, being the key management personnel of the entity in the current year.

21 DISCONTINUED OPERATIONS

Description

On 31 August 2017 Co-op Insurance NZ Board accepted an offer for the sale of the Co-op Insurance NZ insurance business to Provident Insurance Corporation Limited, a fellow insurance company with whom Co-op Insurance NZ has had a strategic alliance for over three years.

The sale of the Co-op Insurance NZ insurance business to Provident Insurance Corporation Limited was agreed on 15 December 2017 and the transaction was completed after RBNZ approval on 23 Jul 2018 for non-life insurance business, and on 9 August 2018 for life insurance business. The 30 June 18 and current year's reported underwriting and statement of comprehensive income, statement of financial position, statement of cash flows, statement changes' in equity relates to the discontinued operations.

22 RECONCILIATION OF PROFIT/(LOSS) AFTER TAX TO NET OPERATING CASH FLOWS

	2019 $	2018 $
PROFIT/(LOSS)AFTER TAXATION	**1,411,808**	**(851,269)**
Adjustment for Non Cash Items:		
Depreciation	6,490	2,591
Amortisation	399,477	172,388
	405,967	**174,979**
Movements in Working Capital		
(Increase)/Decrease in Accounts Receivable	(2,799,415)	(1,855,078)
(Increase)/Decrease in Expected Recoveries	216,098	(58,087)
(Increase)/Decrease in Future Funded Premium	183,153	2,395,694
(Increase)/Decrease in Deferred Acquisition Costs	(264,338)	890,053
(Increase)/Decrease in Prepaid Expenses	14,126	(767)
(Increase)/Decrease in Tax Receivable	160,640	(1,010)
Increase/(Decrease) in Tax Payable	363	(200,242)
Increase/(Decrease) in Unearned Premium Liability	(193,731)	(1,965,887)
Increase/(Decrease) in Outstanding Claims Liability	(219,605)	(1,139,685)
Increase/(Decrease) in Accounts Payable	(216,474)	(801,104)
Increase/(Decrease) in Income in Advance from sale of business	625,359	1,465,000
Increase/(Decrease) in Reinsurance Payable	(36,147)	(48,992)
	(2,529,971)	**(1,320,105)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**(712,196)**	**(1,996,395)**

23 COMMITMENTS

The Company has not committed to projects for the development of software during the year.

24 SUBSEQUENT EVENTS

As the company has been discontinued in the 2018/19 Financial Year, the existing inter-company loan ($5.21m) to Co-op Money NZ will be foregone in exchange for the equity in 2019/20 Financial Year.

There were no other event subsequent to the balance sheet date which would materially affect the financial statements.

Co-op Insurance NZ

STATUTORY DECLARATION

	2019 $	2018 $
The net (loss)/surplus of the Company for the period under review after tax was:	1,411,808	(851,269)

Reserves		
Accumulated Losses		
Opening Balance	(14,786,672)	(13,810,403)
Dividend Declared	-	-
Interest on Capital Convertible Note	-	-
Dividends Paid on Perpetual Preference Shares	125,000	(125,000)
Net (Loss)/Surplus for the Year	1,411,808	(851,269)
Balance at End of Year	(13,249,864)	(14,786,672)

General

As required by section 211 of the Companies Act 1993 we disclose the following information:

On 1 April 2013, the Reserve Bank of New Zealand issued a licence to the Company under the Insurance (Prudential Supervision) Act 2010 and, on that date, approved the transfer of all insurance previously undertaken by Co-op Money NZ to the Company. From 1 April 2013, the Company has issued life and non-life policies.

Co-op Insurance NZ insurance business was sold to Provident Insurance Corporation Limited with agreement dated on 15 December 2017. The transaction was completed after RBNZ approved the transfer application on 23 July 2018 for non-life insurance business, and on 9 August 2018 for life insurance business.
On the request of CUI Insurance Limited, the life insurance licence was cancelled on 19 September 2018 and the non-life insurance licence was cancelled on 5 November 2018.

The Directors believe the state of the Company's affairs to be satisfactory.

Use of Company information:

The Board received no notice during the period from the Directors requesting to use, disclose or act on company information.

Remuneration and other benefits:
No remuneration was paid to directors during the year (2018 : Nil).

No employees of the Company receiving remuneration in excess of $100,000 per annum during the year (2018 Nil).

Insurance and Indemnity:
During the period, no material insurance or indemnity was effected for the benefit of any director or employee.

Donations:
No donations were made to any charities during the year.