

Allianz New Zealand Limited  
NZ Company Number 445514

Annual Report for the year ended  
31 December 2020

## 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 2020 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:

B. Dunne (appointed 22 January 2021)  
J. Fitzpatrick (appointed 22 January 2021)  
D.G. Hosking (appointed 17 July 2009), resigned 31 December 2020  
M.A. Raumer (appointed 1 January 2021)

### 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 the staffing requirements that are serviced by Allianz New Zealand. There was no impact on the premium funding business.

### Results

The profit after income tax of the Company attributable to members for the year ended 31 December 2020 amounted to \$3,686,714 (2019: \$3,539,724).

### Director's Benefits

During the year ended 31 December 2020 and in the interval between 31 December 2020 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.

Some Directors are customers in relation to insurance products offered by the company and/or its controlled entities which were purchased on terms and conditions no more favourable than those available on similar transactions to other employees.

### 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.



M. Raumer  
Director



B. Dunne  
Director

22 March 2021

22 March 2021



## 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 2020;
- 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 2020, 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.

### 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 Directors

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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.

### *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.

### *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 Scott Hadfield.

For and on behalf of:

Chartered Accountants  
22 March 2021

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 2020. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 22 March 2021 and an unqualified opinion was issued.

Scott Hadfield

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	2020 \$000	2019 \$000
<b>Revenue</b>			
Premium funding revenue		29,033	30,547
Management fee revenue		3,210	7,921
Foreign exchange gains		1,699	26
<b>Total revenue</b>		<b>33,942</b>	<b>38,494</b>
<b>Expenses</b>			
Premium funding expense		23,212	23,196
Employee benefits		2,578	6,480
General and administration expenses		799	1,077
Finance costs		2,235	2,801
<b>Total expenses</b>		<b>28,824</b>	<b>33,554</b>
<b>Profit before income tax</b>		<b>5,118</b>	<b>4,940</b>
Income tax expense	5	1,431	1,400
<b>Profit for the year net of tax</b>		<b>3,687</b>	<b>3,540</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year net of tax</b>		<b>3,687</b>	<b>3,540</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 18.

## Statement of Changes in Equity

For the year ended 31 December 2020

<b>2020</b>	<b>Issued share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 January 2020	38,500	23,181	61,681
Profit for the year	-	3,687	3,687
Total comprehensive income for the year	-	3,687	3,687
<b>At 31 December 2020</b>	<b>38,500</b>	<b>26,868</b>	<b>65,368</b>

  

<b>2019</b>	<b>Issued share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
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>

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 18.

## Statement of Financial Position

As at 31 December 2020

	Note	2020 \$000	2019 \$000
Cash	12	4,208	15,230
Amounts due from related parties	11	813	43,759
Loans and receivables	6	160,339	183,672
Other assets		2,409	3,370
Deferred tax asset	5	556	674
<b>Total assets</b>		<b>168,325</b>	<b>246,705</b>
Amounts due to related parties	11	98,987	178,796
Accounts payable and accruals		2,994	4,727
Income tax provision		976	1,501
<b>Total liabilities</b>		<b>102,957</b>	<b>185,024</b>
<b>Net assets</b>		<b>65,368</b>	<b>61,681</b>
<b>Equity attributable to owners of the Parent</b>			
Issued capital	7	38,500	38,500
Retained earnings		26,868	23,181
<b>Total equity</b>		<b>65,368</b>	<b>61,681</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 18.

## Statement of Cash Flows

As at 31 December 2020

	2020	2019
	\$000	\$000
<b>Cash flows from operating activities</b>		
Premium funding revenue received	55,280	(2,990)
Premium funding expense paid	(26,115)	(23,196)
Other income and expenses received/(paid)	707	5,984
Income taxes paid	(1,838)	(8)
Interest expense paid	(2,235)	(2,801)
Amounts received/(paid) from/(to) related parties	(36,863)	26,774
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(11,064)</b>	<b>3,763</b>
<b>Cash flows from investing activities</b>		
Receipts/(payments) for property, plant and equipment	42	(51)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>42</b>	<b>(51)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash</b>	<b>(11,022)</b>	<b>3,712</b>
<b>Cash at the beginning of the year</b>	<b>15,230</b>	<b>11,518</b>
<b>Cash at the end of the year</b>	<b>4,208</b>	<b>15,230</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 18.



## Notes to the Financial Statements

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## Notes to the Financial Statements

For the year ended 31 December 2020

### 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 2020. 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, and 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.

##### (a) New and amended accounting standards adopted

No standards effective in the period have resulted in a significant change to the accounting policies of the Company.

##### (b) New standards and interpretations not yet adopted

As at the date of this financial report, there are several new or revised accounting standards published by the NZ IFRS that will be mandatory in future financial years. The new or revised accounting standards that are not expected to have a significant impact on the financial report of the Company. The Company has not early adopted these accounting standards.

##### (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.

##### (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.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

#### (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. This reflects when the performance obligation is fulfilled. 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% (2019: 7.5%) fee on 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. 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. Further, an expected credit loss provision is included in the allowance for impairment. 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.

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 (2019: 100%)

#### (f) 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.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

#### (g) Foreign currencies

##### (i) 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 the statement of profit or loss and other comprehensive income.

##### (h) 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.

#### (i) 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.

#### (j) 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, the carrying amount approximates the fair value.

#### (k) 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.

#### (l) 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.

#### (m) Impact of COVID-19

The company has expected that it is likely that there will be an increase in write offs associated with borrowing impacted by COVID-19 and has increased the provision for doubtful debts as a result.

## Notes to the Financial Statements

For the year ended 31 December 2020

### 2. 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 are 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.

	AA+ / AA / AA-	Not Rated	Total
	\$000	\$000	\$000
<b>2020</b>			
Cash	4,208	-	4,208
Loans and receivables	-	160,339	160,339
GST receivable	280	-	280
Amounts due from related parties	-	813	813
<b>2019</b>			
Cash	15,230	-	15,230
Loans and receivables	-	183,672	183,672
GST receivable	327	-	327
Amounts due from related parties	-	43,759	43,759

Other assets not disclosed above represent prepayments for which there is no credit risk.

## Notes to the Financial Statements

For the year ended 31 December 2020

### 2. RISK MANAGEMENT (CONTINUED)

#### (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.

##### (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.

	Carrying Amount \$000	-1% Profit/Equity Account \$000	+1% Profit/Equity Account \$000
<b>2020</b>			
<b>Financial assets</b>			
Cash	4,208	(30)	30
Loans and receivables	160,339	1,148	(1,148)
<b>Total financial assets</b>	<b>164,547</b>	<b>1,118</b>	<b>(1,118)</b>
<b>2019</b>			
<b>Financial assets</b>			
Cash	15,230	(110)	110
Loans and receivables	183,672	1,316	(1,316)
<b>Total financial assets</b>	<b>198,902</b>	<b>1,206</b>	<b>(1,206)</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.

## Notes to the Financial Statements

For the year ended 31 December 2020

### 3. 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.

### 4. ITEMS CHARGED TO THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	2020	2019
	\$000	\$000
Profit before Income tax expense has been determined after charging the following items:		
Salaries and wages	2,393	6,103
Decrease in employee entitlements	160	32
Depreciation of plant and equipment	97	121

### 5. INCOME TAX EXPENSE

	2020	2019
	\$000	\$000
<b>(a) Income tax expense</b>		
Current tax expense	1,315	1,504
Movement in deferred tax	118	(108)
(Under)/over provision in prior years	(2)	4
<b>Total income tax expense recognised</b>	<b>1,431</b>	<b>1,400</b>
<b>(b) Reconciliation of effective tax rate</b>		
Profit before tax	5,118	4,940
Income tax at 28%	1,433	1,383
Non-deductible expense	-	13
(Under)/over provision in prior years	(2)	4
<b>Total income tax expense</b>	<b>1,431</b>	<b>1,400</b>
<b>(c) Deferred tax asset</b>		
Tax effect at 28% attributable to:		
Employee entitlements	44	88
Provision for doubtful debts	171	137
Expected credit loss	46	49
Other provisions and accruals	295	400
<b>Total deferred tax asset</b>	<b>556</b>	<b>674</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

### 6. LOANS AND RECEIVABLES

	2020	2019
	\$000	\$000
Loans and receivables	167,028	192,587
Less: Unearned income	(5,914)	(8,254)
	<b>161,114</b>	<b>184,333</b>
Less: Allowance for impairment	(775)	(661)
<b>Total loans and receivables</b>	<b>160,339</b>	<b>183,672</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 2019	658
Impairment incurred	74
Amounts written off	(74)
Movement in expected credit loss	3
<b>Balance at 31 December 2019</b>	<b>661</b>
Impairment incurred	261
Amounts written off	(136)
Movement in expected credit loss	(11)
<b>Balance at 31 December 2020</b>	<b>775</b>

#### Ageing of receivables:

The ageing of receivables past due but not impaired is as follows:

	2020	2019
	\$000	\$000
0 to 3 months	131	260
3 to 6 months	4	28
Over 6 months	1	6
<b>Balance at 31 December</b>	<b>136</b>	<b>294</b>

### 7. CONTRIBUTED EQUITY

	2020	2019
	\$000	\$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 (2019: 43,099,596) ordinary fully paid shares. All shares have equal voting rights.



## Notes to the Financial Statements

For the year ended 31 December 2020

### 8. COMMITMENTS

	2020	2019
	\$000	\$000
Obligations payable after balance date on non cancellable leases are as follows:		
Not later than one year	49	68
Later than one year and not later than 5 years	41	49
<b>Total lease commitments</b>	<b>90</b>	<b>117</b>

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

In addition, the company has no commitment for future capital expenditure as at 31 December 2020.

### 9. AUDITOR'S REMUNERATION

	2020	2019
	\$	\$
Audit of financial statements	27,330	19,696
Taxation related services	12,500	12,500

### 10. KEY MANAGEMENT PERSONNEL COMPENSATION

Name	Position	Term as KMP
<b>Directors</b>		
B. Dunne	Director	Appointed on 22 January 2021
J. Fitzpatrick	Director	Appointed on 22 January 2021
D. Hosking	Director	Resigned on 31 December 2020
M.A. Raumer	Director	Appointed on 1 January 2021
<b>Senior Executives</b>		
L. Callahan	Chief Risk Officer	Resigned 31 March 2020
T. Laybutt	Chief Risk Officer	Appointed 11 May 2020
V. Drakousis	Chief Human Resources Officer	Full year
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

## Notes to the Financial Statements

For the year ended 31 December 2020

### 10. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

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

	2020	2019
	\$	\$
Short term employee benefits	112,331	121,451
Post employment benefits	3,988	5,647
Long term employee benefits	1,528	28,158
Share-based payments	26,360	35,508
Termination benefits	44,712	-
<b>Total benefits paid, payable, or otherwise provided by the Company in relation to the key management personnel</b>	<b>188,919</b>	<b>190,764</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.

### 11. RELATED PARTIES

(a) The Company is a wholly owned controlled entity of Allianz Australia Limited. The Ultimate parent entity is Allianz SE, incorporated in Germany.

The following types of transactions have arisen between the Company and related entities:

- (i) loans advances and repayments;
- (ii) fees for funds management;
- (iii) fees for outsourced services; and
- (iv) equity compensation schemes.

Fees and charges between the Company and related parties are based on normal commercial terms and conditions.

(b) The names of persons holding the position of Director of the Company during or since the end of the reporting period are D.G. Hosking (resigned 31 December 2020) and M.A. Raumer (appointed 1 January 2021).

(c) The following transactions with various related parties within Allianz SE Group were recorded:

	2020	2019
	\$	\$
Interest fees paid to Allianz Australia Insurance Limited	2,666,308	3,379,199
Management fees received from Allianz Australia Insurance Limited - New Zealand Branch	3,209,789	7,920,961

#### (d) Amounts due from/(to) related parties

Allianz Australia Insurance Limited - New Zealand Branch	(22,935,127)	43,023,456
Primacy Underwriting Management Limited	732,277	732,277
Euler Hermes New Zealand Limited	80,656	3,228
Allianz Australia Insurance Limited	(65,648,050)	(173,023,189)
Allianz Australia Services Pty Limited	(9,455,111)	(4,779,620)
Club Marine Limited	(950,352)	(993,482)

## Notes to the Financial Statements

For the year ended 31 December 2020

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

	2020 \$000	2019 \$000
<b>(a) Cash reconciliation</b>		
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>4,208</b>	<b>15,230</b>
<b>(b) Reconciliation of profit after Income tax to net cash inflows from operating activities</b>		
Profit for the year	3,687	3,540
<b>Non-cash movements:</b>		
Depreciation	97	121
<b>Change in assets and liabilities:</b>		
Decrease/(Increase) in loans and receivables	23,344	(33,537)
Decrease/(Increase) in deferred tax assets	118	(109)
(Decrease)/Increase in income tax payable	(525)	1,501
(Decrease)/Increase in amounts due to related companies	(36,863)	26,774
Decrease/(Increase) in other receivables	823	2,063
(Decrease)/increase in other liabilities	(1,744)	3,410
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(11,064)</b>	<b>3,763</b>

### 13. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

The Company has no provisions, contingent assets or liabilities at 31 December 2020 (2019: Nil).

### 14. SUBSEQUENT EVENTS

There are no events subsequent to the balance date that would have a material effect on the Company's financial statements at 31 December 2020.