

**First American Title Insurance Company of Australia Pty Limited  
(A.B.N. 64 075 279 908)**

**Annual Financial Report**

**31 December 2021**

**First American Title Insurance Company of Australia Pty Limited**  
**(A.B.N. 64 075 279 908)**  
**Annual Financial Report 31 December 2021**

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**First American Title Insurance Company of Australia Pty Limited**  
**(A.B.N. 64 075 279 908)**  
**Directors' Report**  
**31 December 2021**

The directors present their report together with the financial statements of First American Title Insurance Company of Australia Pty Limited (the Company) for the year ended 31 December 2021 and the auditor's report thereon.

First American Title Insurance Company of Australia Pty Limited is a for profit Company limited by shares, incorporated in and domiciled in Australia. Its registered office and principal place of business is:

Level 1, Tower B, 799 Pacific Highway  
 Chatswood, NSW 2067

**Directors**

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

- Eric Richard Dodd
- Anthony Peter Gill
- Patti Hui-Ting Evers
- David John Ryan
- George Stone Livermore

**Principal activities**

The Company's principal continuing activity is the underwriting of title insurance risks. The immediate parent entity is FAF International Holdings GmbH incorporated in Switzerland. The ultimate parent entity is the First American Financial Corporation incorporated in the United States of America.

**Dividends**

The directors do not recommend a payment of dividend in the current year (2020: \$Nil).

**Review of operations**

A summary of results is set out below:

	2021 \$	2020 \$
Underwriting operations	10,496,333	6,813,247
Investment operations	104,101	249,982
Other operations	(3,882,289)	(4,062,833)
Income tax expense	397,369	(6,886)
<b>Net Profit</b>	<b>7,115,514</b>	<b>2,993,510</b>

COVID-19 continues to have an impact on global economies and financial markets, resulting in significant economic uncertainty and market volatility. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments and regulators. The Company continues to monitor the impact of COVID-19 on its operations, control environment and financial reporting as developments arise. Whilst the Company's business remains fully operational, there have been impacts on the working environment, with the majority of staff working remotely at times throughout the reporting period. All of the Company's businesses continue to operate in line with government regulations and guidance.

Management has evaluated whether there were any additional areas of significant judgment or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by COVID-19 on the carrying values of its assets and liabilities, and considered the impact of COVID-19 on the Company's financial statement disclosures. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts and note the situation is continuing to evolve.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Company during the financial year.

**First American Title Insurance Company of Australia Pty Limited**  
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**Directors' Report**  
**31 December 2021**

**Matters subsequent to the end of the financial year**

The directors are not aware of any matter or circumstance arising subsequent to reporting date, not otherwise dealt with in the financial report, that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

**Likely developments and expected results of operations**

There are no likely developments that have arisen since reporting date which are not disclosed elsewhere in this report.

**Environmental regulations**

The Company is not subject to any significant environmental regulations in respect of its activities.

**Directors' benefits**

Since the end of the previous financial year, no director of the Company has received or became entitled to receive a benefit (other than remuneration benefit) by reason of the contract made or proposed by the Company or a related entity with a director or with a firm of which the director is a member or with an entity in which the director has a substantial financial interest.

**Insurance of officers**

During the financial year, the parent entity paid a premium to insure the directors, secretary and officers of the Company. In accordance with normal commercial practice, disclosure of the total amount of premium payable under the insurance contract is prohibited by a confidentiality clause in the contract.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Auditor**

KPMG are the appointed Auditors in accordance with section 327 of the Corporations Act 2001.

A copy of the Lead Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.


**Rounding off**

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

This report is made in accordance with a resolution of Directors, pursuant to Section 298(2)(a) of the Corporations Act 2001.

On Behalf of the Directors

DocuSigned by:



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Eric Richard Dodd

Director

Sydney

Date: 15 March 2022

DocuSigned by:



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Patti Hui-Ting Eyers

Director

Sydney

Date: 15 March 2022



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of First American Title Insurance Company of Australia Pty  
Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of First American Title Insurance Company of Australia Pty Limited for the financial year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Graeme Scott'.

Graeme Scott  
Partner  
Sydney  
15 March 2022

**First American Title Insurance Company of Australia Pty Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2021**

		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
Premium revenue		12,769,493	8,369,438
Outwards reinsurance premium expense		(932,208)	(526,862)
<b>Net premium revenue</b>		<b>11,837,285</b>	<b>7,842,576</b>
Claims expense and other recoveries		(3,797,054)	(1,165,525)
Reinsurance recoveries		3,186,213	694,514
<b>Net claims incurred</b>	5	<b>(610,841)</b>	<b>(471,011)</b>
Acquisition costs		(730,111)	(558,318)
<b>Acquisition costs</b>	7(b)	<b>(730,111)</b>	<b>(558,318)</b>
<b>Underwriting result</b>		<b>10,496,333</b>	<b>6,813,247</b>
Interest income	6	104,101	249,982
Service fees	7(a)	2,142,331	1,578,216
Administration expenses	7(b)	(6,024,620)	(5,641,049)
		<b>(3,778,188)</b>	<b>(3,812,851)</b>
<b>Profit before tax expense</b>		<b>6,718,145</b>	<b>3,000,396</b>
Income tax (expense)/benefit	8	397,369	(6,886)
<b>Profit after income tax expense for the year</b>		<b>7,115,514</b>	<b>2,993,510</b>
<b>Other comprehensive income</b>			
Exchange difference on translating foreign operations net of tax effects		32,618	(87,871)
<b>Other comprehensive income for the period, net of tax</b>		<b>32,618</b>	<b>(87,871)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>7,148,132</b>	<b>2,905,639</b>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**First American Title Insurance Company of Australia Pty Limited**  
**Statement of Financial Position**  
**As at 31 December 2021**

	Notes	2021 \$	2020 \$
<b>Current Assets</b>			
Cash and cash equivalents	9(a)	7,251,681	4,002,115
Term deposits	9(b)	27,261,104	21,132,144
Trade and other receivables	10	1,029,623	2,621,368
Reinsurance and other recoveries	11	1,918,294	1,544,405
Intercompany loans	12	-	440,002
Other assets	10	145,230	177,678
<b>Total current assets</b>		<b>37,605,932</b>	<b>29,917,713</b>
<b>Non-Current Assets</b>			
Reinsurance and other recoveries	11	7,273,720	5,291,742
Intercompany loans	12	-	-
Property, plant and equipment	13	3,472	768
Deferred tax asset	8	1,559,981	1,200,000
Intangible assets	14	15,227	43,485
<b>Total non-current assets</b>		<b>8,852,400</b>	<b>6,535,995</b>
<b>Total Assets</b>		<b>46,458,332</b>	<b>36,453,708</b>
<b>Current Liabilities</b>			
Trade and other payables	15	1,795,800	1,400,617
Outstanding claims	16	2,768,616	2,398,384
Current tax liabilities	8	-	44,148
Employee benefit provisions	18	70,914	60,423
<b>Total current liabilities</b>		<b>4,635,330</b>	<b>3,903,572</b>
<b>Non-Current Liabilities</b>			
Employee benefit provisions	18	7,012	6,548
Deferred tax liabilities	8	-	-
Outstanding claims	16	8,220,878	6,096,608
<b>Total non-current liabilities</b>		<b>8,227,890</b>	<b>6,103,156</b>
<b>Total Liabilities</b>		<b>12,863,220</b>	<b>10,006,728</b>
<b>Net Assets</b>		<b>33,595,112</b>	<b>26,446,980</b>
<b>Shareholders' Equity</b>			
Contributed equity	20	15,574,495	15,574,495
Reserves	20	479,529	446,911
Retained earnings		17,541,088	10,425,574
<b>Total Equity</b>		<b>33,595,112</b>	<b>26,446,980</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**First American Title Insurance Company of Australia Pty Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2021**

	<b>Share Capital</b>	<b>Foreign Exchange Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$	\$	\$
Balance at 1 January 2020	<b>15,574,495</b>	<b>534,782</b>	<b>7,432,064</b>	<b>23,541,341</b>
Profit after income tax expense for the year			2,993,510	2,993,510
Other comprehensive income for the year, net of tax		(87,871)		(87,871)
Total comprehensive income for the year	-	<b>(87,871)</b>	<b>2,993,510</b>	<b>2,905,639</b>
Balance at 31 December 2020	<b>15,574,495</b>	<b>446,911</b>	<b>10,425,574</b>	<b>26,446,980</b>
Profit after income tax expense for the year			7,115,514	7,115,514
Other comprehensive income for the year, net of tax		32,618		32,618
Total comprehensive income for the year	-	<b>32,618</b>	<b>7,115,514</b>	<b>7,148,132</b>
Balance at 31 December 2021	15,574,495	479,529	17,541,088	33,595,112

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



**First American Title Insurance Company of Australia Pty Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Premiums received		12,945,056	8,367,949
Outwards reinsurance paid		-	-
Claims paid net of third party recoveries		(1,296,915)	(1,291,780)
Reinsurance recoveries		-	-
Acquisition costs paid		(730,111)	(558,318)
Interest received		169,394	337,030
Management fees and other revenue received		2,142,331	1,588,238
Other expenses paid		(4,295,573)	(5,234,436)
Income taxes received/(paid)		(815)	3,570
<b>Net cash provided by operating activities</b>	<b>25</b>	<b>8,933,367</b>	<b>3,212,253</b>
<b>Cash flows from investing activities</b>			
Net proceeds from (payments for) investments		(6,128,961)	(4,460,716)
Purchase of property, plant and equipment		(3,360)	(959)
<b>Net cash used in investing activities</b>		<b>(6,132,321)</b>	<b>(4,461,675)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans by related parties		440,002	439,999
<b>Net cash from used in financing activities</b>		<b>440,002</b>	<b>439,999</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>3,241,048</b>	<b>(809,423)</b>
Cash at the beginning of the financial year		4,002,115	4,787,514
Effects of exchange rate changes on cash		8,518	24,024
<b>Cash and cash equivalents at 31 December</b>	<b>7(a)</b>	<b>7,251,681</b>	<b>4,002,115</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 1 Reporting Entity**

This financial report covers First American Title Insurance Company of Australia Pty Limited (the Company). The financial report is presented in Australian dollars, which is also the functional currency.

First American Title Insurance Company of Australia Pty Limited is a Company limited by shares, Incorporated and domiciled in its registered office and principal place of business is:  
 Level 1, Tower B, 799 Pacific Highway Chatswood, NSW 2067

The financial statements were authorised for issue by the Board of Directors on 15 March 2022.

The Company is a for-profit entity. The ultimate parent is First American Financial Corporation, a company incorporated in the United States of America.

**Note 2 Basis Of Preparation**

**(a) Statement of compliance**

The financial report has been drawn up as a general-purpose financial report for the purpose of fulfilling the requirements of the Corporation Act 2001, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements of the Company also comply with the International Financial reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB")

**(b) Use of estimates and judgements**

The preparation of the financial report requires the use of management judgement, estimates and assumptions that affect reported amounts in the application of policies. The estimates and associated assumptions are based on expertise, experience and various other factors that are believed to be reasonable. Such estimates may require review in future periods. For further details refer to Note 3(v).

COVID-19 materially disrupted local and global markets during 2020. The ongoing nature of the pandemic has increased the estimation uncertainty in the preparation of these financial statements. The Company has developed a key accounting estimate, outstanding claims liability, in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2021 about future events that the Directors believe are reasonable in the circumstances, however, there is a considerable degree of judgement involved in preparing these forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions may be different from those forecast since anticipated events may not occur as expected, and the effect of those differences may significantly impact the accounting estimate included in these financial statements.

Notwithstanding, Finty, the Company's Appointed Actuary, have in their report relating to the outstanding claim liability estimate, determined that COVID-19 has not appeared to significantly impact the Company as at 31 December 2021.

**(c) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

**(d) New accounting standards and interpretations**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial reporting period ended 31 December 2021 or for annual periods beginning after 1 January 2022 that have material impact on the Company other than the below.

**AASB 17 Insurance Contracts**

AASB 17, a new accounting standard for insurance contracts, was adopted by the Australian Accounting Standards Board on 19 July 2017 after being Issued by the IASB on 18 May 2017. The standard is expected to be effective for periods beginning 1 January 2023. The first applicable annual reporting period for the Company will be for the year ending 31 December 2023, with the comparative period for the year ending 31 December 2022 and the Statement of Financial Position at the start of the comparative period (i.e. 1 January 2022) also presented under AASB 17.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 2 Basis Of Preparation (continued)**

The standard introduces a new general measurement model for accounting for Insurance contracts, with the application of a simplified approach permitted in certain circumstances. The Company continues to work through the detailed impact assessment of the new standard, and it is expected that most Insurance contracts underwritten by the Company will not meet the requirements of the simplified approach due to their long-term coverage period. Significant changes in the presentation of the financial statements and disclosures are anticipated.

The standard introduces a new general measurement model for accounting for Insurance contracts, with the application of a simplified approach permitted in certain circumstances. The Company continues to work through the detailed impact assessment of the new standard, and it is expected that most Insurance contracts underwritten by the Company will not meet the requirements of the simplified approach due to their long-term coverage period. Significant changes in the presentation of the financial statements and disclosures are anticipated.

**Note 3 Significant Accounting Policies**

**(a) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

*(i) Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

*(ii) Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

*(iii) Goods and services tax (GST)*

Revenue, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 3 Significant Accounting Policies (continued)**

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant tax authorities is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

**(b) Cash and cash equivalents**

Cash and cash equivalents as presented in the financial statements comprise of cash on hand and cash at bank.

**(c) Short term investments**

Short term investments are investments in term deposits that earn interest at a fixed rate with a maturity of more than three months and are initially recorded at cost and subsequently held at amortised cost.

**(d) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are stated at the fair value of the consideration to be paid in the future for goods and services received, inclusive of GST. The amounts are discounted where the time value of money effect is material.

**(e) Trade and other receivables, including intercompany receivables**

Trade and other receivables are initially recognised when they are originated. Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss ("ECL").

The Company applies the 'simplified approach' for determining the allowance for ECL, where lifetime ECL are recognised from initial recognition of the receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the receivable. When determining the allowance for ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information based on the Company's historical experience and forward-looking information as applicable. Loss events include financial difficulty or bankruptcy of the debtor, significant delay in payments and breaches of contracts. The ECL is recognised in the income statement.

Trade and other receivables including intercompany receivables are written off against the allowance for ECL when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are recognised in the income statement.

**(f) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**(g) Employee benefits**

*(i) Wages, salaries and annual leave*

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions (current liabilities) in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date in accordance with (i) above. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**First American Title Insurance Company of Australia Pty Limited****Notes to the financial statements****For the year ended 31 December 2021****Note 3 Significant Accounting Policies (continued)****(h) Foreign currency***(i) Foreign currency transactions*

Foreign currency transactions are initially translated into Australian dollars in effect at the date of the transaction or at rates approximating them. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-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.

*(ii) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AUD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AUD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to OCI.

**(i) Property, plant and equipment**

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably. Property Plant and Equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**(j) Maintenance and repairs**

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

**(k) Depreciation of property, plant and equipment**

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Company. Estimates of remaining useful lives are made on a regular basis for all assets with annual reassessments for major items.

The expected useful lives for current and comparative periods are as follows:

Furniture & fittings	5 years
Computer and Office Equipment	3 - 5 years

**(l) Impairment of non-financial assets**

The carrying amounts of the entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of assets in the CGU (group of CGUs) on a pro rata basis.

**(m) Borrowing costs**

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings.

**(n) Revenue recognition**

The Company generates revenue primarily from premium revenue.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 3 Significant Accounting Policies (continued)**

**(o) Revenue policies**

*(i) Premium Revenue*

Premium revenue comprises amounts charged to the policyholders, excluding stamp duties and GST.

The insurance risk relates to losses arising from title and associated defects existing at the date the policy was accepted by the Company and premium revenue is recognised as fully earned at the date of attachment of the policy.

*(ii) Service fees revenue*

Service fees are non insurance premium revenue. Service included title searches and document recoveries. Revenue is recognised upon service rendered.

*(iii) Interest income*

Interest income is recognised on an accrual basis using effective interest method.

**(p) Outwards reinsurance**

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, in line with premium revenue, no reinsurance premium has been treated as a prepayment at balance date.

**(q) Intangible assets and goodwill**

*(i) Other intangible assets*

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

*(ii) Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*(iii) Amortisation*

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Software	3-5 years
Other Intangibles	3-7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 3 Significant Accounting Policies (continued)**

**(r) Provision for outstanding claims and claim expense**

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the Company, with an additional risk margin to allow for the inherent uncertainty in the central estimate. Changes in claim estimates are recognised in profit or loss in the reporting year in which the estimates are changed.

The expected future payments include those in relation to claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims, such as claims administration costs. The expected future payments are discounted to present value using a risk-free rate.

A risk margin is applied to the outstanding claims liability, net of reinsurance and other recoveries, to reflect the inherent uncertainty in the central estimate. A risk margin increases the probability that the net liability is adequately provided. In the policy years where the net liability is not expected to exceed the aggregate reinsurance deductible a risk margin is brought to account (refer to Note 16).

Claims expense represents the sum of claim payments and the movement in the closing outstanding claims liability from one financial period to the next. Current year claims relate to loss events that occurred during the current financial year. Prior year claims represent the movement on the estimates held for claims that occurred in all previous financial periods.

**(s) Reinsurance and other recoveries**

Reinsurance and other recoveries receivable on paid claims, claims reported but not yet paid, IBNR and IBNER are recognised as reinsurance recoveries.

Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

**(t) Acquisition of insurance contracts**

Acquisition costs incurred in obtaining insurance contracts are recognised as an expense. Costs are fully expensed at the date of attachment of the policy.

**(u) Assets backing general insurance liabilities**

As part of its investment strategy the Company actively manages its investment portfolio to ensure that investments mature in accordance with the expected pattern of future cash flows arising from general insurance liabilities.

The Company has determined that all financial assets are held to back general insurance liabilities and on that basis that all financial assets are held at amortised cost, which approximates fair value.

Financial assets are designated at fair value through profit or loss or at amortised cost. Initial recognition is at fair value, being the cost, in the Statement of Financial Position and subsequent measurement is at fair value or at amortised cost with any resultant unrealised profits and losses or unwinding of discount recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Details of fair value for different types of financial assets are listed below:

Cash assets and term deposits are carried at face value of the amounts deposited. The carrying amount of cash assets and term deposits approximate their fair value. For the purposes of the statement of cash flow, cash includes cash on hand and bank.

Amounts due from policyholders and Intermediaries are initially recognised at fair value, being the amounts due. They are subsequently measured at fair value which is approximated by taking the initially recognised amount and reducing it for impairment as appropriate.

Trade and other receivables including intercompany loans are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss ("ECL").

Refer to Note (e) for more details on how the Company measures the expected credit losses.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 3 Significant Accounting Policies (continued)**

**(v) Critical accounting judgements and estimates**

The Company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements 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. The key areas in which critical estimates and judgements are applied are described below.

*(i) The ultimate liability arising from claims made under insurance contracts*

The Company operates in a specialised line of business (title insurance) with few competitors, resulting in a lack of comparable data relating to assumptions.

The value of outstanding claims has been adjusted to reflect the uncertainty of the market conditions. Whilst this represents the best estimate of the value at balance date, the market uncertainty means the ultimate value of outstanding claims may be higher or lower than the value recorded in the financial statements.

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the Statement of Financial Position date, including the cost of claims incurred but not yet reported.

The estimated cost of claims includes direct expenses to be incurred in settling claims gross of the expected value of subrogation rights and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported (IBNR) is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is available. IBNR claims may often not be apparent to the insured until many years after the events which gives rise to the claim. In calculating the estimated cost of unpaid claims, the Company uses a variety of estimation techniques, generally based upon statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in Company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- technological developments.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Company has regard to the claims circumstances as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for possible distortion of the development and Incidence of these large claims.

The Company adopts multiple methods to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from the reinsurer based upon the gross provisions.

Details of specific assumptions used in deriving the outstanding claims liability at year end are detailed in note 4.



**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 3 Significant Accounting Policies (continued)**

*(ii) Assets arising from reinsurance contracts*

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance reflects the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Company may not receive amounts due to it and these amounts can be reliably measured.

**(w) Insurance contracts - risk management policies and procedures**

The financial condition and operation of the Company are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk and liquidity risk (Note 17). Notes on the Company's policies and procedures in respect of managing these risks are set out below.

*(i) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks*

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

In accordance with Prudential Standard CPS 220 Risk Management for General Insurers and GPS 230 Reinsurance Arrangements for General Insurers issued by the Australian Prudential Regulation Authority (APRA), the Board and the senior management of the Company have developed, implemented and maintained a sound and prudent Risk Management Strategy (RMS) and a Reinsurance Management Strategy (ReMS).

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

The RMS and ReMS have been approved by the Board and lodged with APRA. Key aspects of the processes established in the RMS to mitigate risks include:

- Actuarial models, using information from the management information systems, are used to monitor claims patterns. Past experience and statistical methods are used as part of the process.
- Documented procedures are followed for underwriting and accepting insurance risks.
- Reinsurance is used to limit the Company's exposure to large single claims and cap the aggregate exposure of the Company in any one underwriting year.
- The assets in which the Company invests are selected to ensure that the Company can meet its claim paying obligations.

*(ii) Terms and conditions of insurance business*

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Company. Most insurance contracts written are entered into on a standard basis. There are no special terms and conditions in any nonstandard contracts that have a material impact on the financial statements. Insurance contracts written in Australia and New Zealand are subject to substantially the same terms and conditions.

*(iii) Concentration of insurance risk*

The Company has in place measures to manage its exposure to accumulations of risk. At the outset concentration risk in the Australian and New Zealand context is underpinned by a system of land title which is government guaranteed. As a general insurer operating within the real property market in Australia, the Board understands the nature of the Company's business is such that a catastrophic risk and/or risks resulting from placement concentration is highly unlikely.

*(iv) Development of claims*

There is a possibility that changes may occur in the estimate of the Company's obligations at the end of a contract period. The tables in note 16 show estimates of total claims outstanding for each underwriting year at successive year ends.

*(v) Interest rate risk*

With the exception of the discount rate discussed above none of the financial assets or liabilities arising from insurance contracts entered by the Company are directly exposed to interest rate risk.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 3 Significant Accounting Policies (continued)**

Insurance contracts are entered into once, i.e. are not renewed on a periodic basis. At the time of entering into the contract all terms and conditions are negotiable.

**Note 4 Actuarial assumptions and methods**

The Company writes one class of business only. The cost of claims notified to the Company at the Statement of Financial Position date is estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate number of claims is projected based on past reporting patterns. Payment experience is analysed based on averages per claim incurred and averages paid per claim finalised. Historic case estimate development is also used to develop a model of future payments. The resulting average claim sizes from these models are analysed, along with loss ratios and other statistics, in order to determine a final estimate of outstanding claims.

Claims inflation is incorporated into the resulting projected payments, to allow for general economic inflation detected in the modelling of payments experience.

Projected payments are discounted to allow for the time value of money.

**Actuarial assumptions**

The following assumptions have been made in determining the outstanding claims liabilities.

	<b>2021</b>	<b>2020</b>
Average weighted term to settlement from claim reported date	0.86 years	0.84 years
Claims handling expense rate	9.0%	7.5%
Discount rate	0.36% pa	0.05% pa
Inflation	n/a	n/a
Prudential risk margin	40%	40%

**Process to determine assumptions**

A description of the processes used to determine these assumptions is provided below. The overall reserves are valued at a 75% (2020: 75%) level of confidence.

*Average weighted term to settlement*

The estimated average weighted term to settlement is calculated on historic settlement patterns.

*IBNR factors*

The adopted factors are based on historical cost development patterns.

*Prior expected loss ratios*

Adopted ratios are based on historical loss ratios.

*Inflation*

Implicit allowance for inflation is made by using the Bornhuetter-Ferguson valuation method. Inflation is not expected to have a material impact.

*Reinsurance and non-reinsurance recoveries*

Estimates of recoveries are based on historical recovery rates.

*Claims handling expenses*

The allowance for claims handling expenses is based on the historical relationship between the claims handling expenses and gross claim costs.

*Discount rate*

The adopted discount rate is estimated using the expected claim payment profile and the Government bond yield curve at the balance date.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 4 Actuarial assumptions and methods (continued)**

**Sensitivity analysis - insurance contracts**

**i) Summary**

The Company conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuation included in the reported results is calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of the Company. The tables below describe how a change in each assumption will affect the insurance liabilities and show an analysis of the sensitivity of the profit/(loss) and equity changes in these assumptions both gross and net of reinsurance.

<b>Variable</b>	<b>Impact of movement in variable</b>
Average weighted term to settlement	A decrease in the average term to settlement would lead to more claims being paid sooner than anticipated. Expected payment patterns are used in determining the outstanding claims liability. An increase or decrease in the average weighted term to settlement would have a corresponding increase or decrease in claims expense.
Average claim frequency	Claims frequencies are used in determining the level of claims incurred but not reported (IBNR). An increase or decrease in the assumed average frequency would have a corresponding impact on claims expense.
Expense rate	An estimate for the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.
Discount rate	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on claims expense.
Inflation rate	No explicit allowance for inflation has been made as changes in inflation rates do not materially impact the ultimate settlement of claims which relate to settlement of mortgages. No consideration has been given to the changes in inflation as it is considered not to be a material variable.

**ii) Impact of changes in key variables**

	<b>Profit/(Loss) impact</b>		
	<b>Movement In Variable</b>	<b>Gross of Reinsurance</b>	<b>Net of Reinsurance</b>
		\$	\$
IBNR factors	+20%	(1,397,701)	(112,909)
	-20%	1,397,702	113,026
Prior expected loss ratios	+10%	(3,168,845)	(257,292)
	-10%	3,151,611	260,504
Discount rate	+1%pa	273,725	29,776
	-1% pa	(288,412)	(31,145)
Claims handling expense rate	+50%	(439,053)	(439,053)
	-50%	439,053	439,053
XOL recoveries rates	+10%	-1,756*	1,389
	-10%	1,760	(1,386)

\* reduces due to higher risk margin

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
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**Note 5 Net claims incurred**

<b>2021</b>	<b>Current Year</b>	<b>Prior Years</b>	<b>Total</b>
	\$	\$	\$
<i>Gross incurred claims and related expenses</i>			
- Undiscounted including risk margin	2,945,029	1,156,371	4,101,400
- Discounted	2,880,579	976,046	3,856,625
<i>Gross of RI, net of third party incurred claims and related expenses</i>			
- Undiscounted including risk margin	2,942,478	1,099,350	4,041,828
- Discounted	2,878,028	919,026	3,797,054
<i>Reinsurance recoveries</i>			
- Undiscounted	(2,218,732)	(1,190,199)	(3,408,931)
- Discounted	(2,121,504)	(1,064,709)	(3,186,213)
<b>Net Incurred claims</b>	<b>756,525</b>	<b>(145,683)</b>	<b>610,841</b>

<b>2020</b>	<b>Current Year</b>	<b>Prior Years</b>	<b>Total</b>
	\$	\$	\$
<i>Gross incurred claims and related expenses</i>			
- Undiscounted including risk margin	2,172,382	(988,554)	1,183,828
- Discounted	2,146,585	(805,495)	1,341,090
<i>Gross of RI, net of third party incurred claims and related expenses</i>			
- Undiscounted including risk margin	2,167,731	(1,159,468)	1,008,263
- Discounted	2,141,934	(976,409)	1,165,525
<i>Reinsurance recoveries</i>			
- Undiscounted	(1,497,142)	937,955	(559,187)
- Discounted	(1,477,430)	782,916	(694,514)
<b>Net Incurred claims</b>	<b>664,504</b>	<b>(193,493)</b>	<b>471,011</b>

**Note 6 Investment income**

	<b>2021</b>	<b>2020</b>
	\$	\$
Interest	104,101	249,982
<b>Total investment income</b>	<b>104,101</b>	<b>249,982</b>

**Note 7 Other income and expenses**

	<b>2021</b>	<b>2020</b>
	\$	\$
Service Fees	2,142,331	1,578,216
<b>Total other Income</b>	<b>2,142,331</b>	<b>1,578,216</b>

**Note 7(b) Expenses**

**(i) Expenses by function**

Acquisition Costs	730,111	558,318
Administration expenses	6,024,620	5,641,049
<b>Total expenses</b>	<b>6,754,731</b>	<b>6,199,367</b>

**(ii) Expenses by nature**

Employee benefit expense	2,642,257	2,542,215
Employee on costs	377,928	364,419
Occupancy costs	118,939	115,781
Depreciation, amortisation and impairment charges	28,916	28,803
Acquisition Costs	730,111	558,318
Professional fees	450,423	416,566
Outside search fees	213,453	236,450
IT related fees	623,275	616,875
Other expenses	1,569,429	1,319,939
<b>Total expenses</b>	<b>6,754,731</b>	<b>6,199,367</b>

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 8 Income taxes**

	2021	2020	2021	2020
	%	%	\$	\$

**Reconciliation between net profit before tax and tax expense**

Profit before Income tax			6,718,145	3,000,396
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**A. Amounts recognised in profit or loss**

<b>Income tax at standard rate of 30% (2020: 30%)</b>	30.00	30.00	<b>2,015,444</b>	<b>900,119</b>
Less: New Zealand accounting profit after tax	(0.48)	0.03	(32,049)	957
Tax effect of permanent differences	(10.46)	(1.21)	(702,697)	(36,221)
Tax effect of timing differences not brought to account	0.42	13.52	27,890	405,732
Tax profit adjusted for differences			1,308,588	1,270,587
Benefit of tax losses not brought to account	(19.48)	(42.35)	(1,308,588)	(1,270,587)
New Zealand tax expense/(benefit)	(0.56)	0.23	(37,388)	6,886
<b>Current taxation expense/(benefit)</b>	<b>(0.56)</b>	<b>0.23</b>	<b>(37,388)</b>	<b>6,886</b>

**Deferred tax expense**

Origination and reversal of temporary differences			-	-
Origination of previously unrecognised tax losses			(359,981)	-
Deferred taxation expense/(benefit)			(359,981)	-

**Tax expense on continuing operations**

<b>(397,369)</b>	<b>6,886</b>
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**B. Current tax liabilities**

Opening balance	44,148	40,577
Current taxation (benefit)/expense	(37,388)	6,886
	6,760	47,463

**Less:**

Tax (paid)/received (to)/from the ATO/NZ IRD	(6,760)	(3,315)
	(6,760)	(3,315)

**Current tax liabilities as per Statement of Financial Position**

<b>-</b>	<b>44,148</b>
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**C. Deferred Tax Asset**

Opening Balance	1,200,000	1,200,000
Benefit brought to account current year	1,668,570	1,270,587
Utilisation of tax losses	(1,308,588)	(1,270,587)
<b>Closing Balance</b>	<b>1,559,981</b>	<b>1,200,000</b>

**Income tax benefit**

Future income tax benefits attributable to tax losses carried forward of \$1,559,981 (2020: \$1,200,000) have been brought to account because the directors believe it is appropriate to regard realisation of future income tax benefits as probable.

These benefits will only be obtained if:

- (i) The Company derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss.

Deferred tax has not been recognised on the remainder of tax losses brought forward of \$0 (2020: \$5,561,899)

**Note 9(a) Cash and Cash Equivalents**

Cash at bank	7,251,681	4,002,115
	<b>7,251,681</b>	<b>4,002,115</b>

**Note 9(b) Term Deposits**

Term Deposits	<b>27,261,104</b>	<b>21,132,144</b>
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The term deposits are bearing interest rates between 0.05% and 0.80% (2020: between 0.20% and 3.25%).

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 10 Trade and other receivables and other assets**

	2021	2020
	\$	\$
Trade and other receivables		
Current		
Premiums receivable	592,211	777,835
Less: Allowance for expected credit loss	-	(10,060)
	<u>592,211</u>	<u>767,775</u>
Intercompany receivables (note 23)	437,412	1,853,593
	<u><b>1,029,623</b></u>	<u><b>2,621,368</b></u>
Other assets		
Current		
Accrued Interest	40,689	105,982
Prepayments	104,541	71,696
	<u><b>145,230</b></u>	<u><b>177,678</b></u>

**Note 11 Reinsurance and other recoveries**

Undiscounted expected future recoveries		
- on claims paid	-	-
- on outstanding claims	9,477,899	6,899,314
	<u><b>9,477,899</b></u>	<u><b>6,899,314</b></u>
Discount to present value	(285,885)	(63,167)
Reinsurance and other recoveries	<u><b>9,192,014</b></u>	<u><b>6,836,147</b></u>
Reinsurance and other recoveries - current	1,918,294	1,544,405
Reinsurance and other recoveries - non-current	7,273,720	5,291,742
	<u><b>9,192,014</b></u>	<u><b>6,836,147</b></u>

Refer to note 16 for a reconciliation of the movement in reinsurance and other recoveries on incurred claims.

**Note 12 Intercompany loans**

	Year of maturity	2021	2020
		\$	\$
Financial assets			
Current intercompany loan	2021	-	440,002
		<u><b>-</b></u>	<u><b>440,002</b></u>

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 13 Property, plant and equipment**

<b>At cost</b>	<b>Furniture and Fittings</b>	<b>2021 Computer and Office Equipment</b>	<b>Total</b>
At 1 January 2021	6,060	1,871	7,931
Additions		3,361	3,361
Disposals		(913)	(913)
At 31 December 2021	<b>6,060</b>	<b>4,319</b>	<b>10,379</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	(6,060)	(1,104)	(7,164)
Disposals		914	914
Depreciation for the year		(657)	(657)
At 31 December 2021	<b>(6,060)</b>	<b>(847)</b>	<b>(6,907)</b>
<b>Carrying amount</b>			
At 1 January 2021	-	767	767
At 31 December 2021	-	<b>3,472</b>	<b>3,472</b>

<b>At cost</b>	<b>Furniture and Fittings</b>	<b>2020 Computer and Office Equipment</b>	<b>Total</b>
At 1 January 2020	23,074	62,664	85,737
Additions		959	959
Disposals	(17,014)	(61,751)	(78,765)
At 31 December 2020	<b>6,060</b>	<b>1,872</b>	<b>7,932</b>
<b>Accumulated depreciation</b>			
At 1 January 2020	(23,074)	(62,310)	(85,384)
Disposals	17,014	61,751	78,765
Depreciation for the year	-	(545)	(545)
At 31 December 2020	<b>(6,060)</b>	<b>(1,104)</b>	<b>(7,164)</b>
<b>Carrying amount</b>			
At 1 January 2020	-	353	353
At 31 December 2020	-	<b>768</b>	<b>768</b>

**Note 14 Intangible assets**

<b>At Cost</b>	<b>2021 \$</b>	<b>2020 \$</b>
At 1 January 2021	443,328	3,922,466
Disposals		(3,479,138)
At 31 December 2021	<b>443,328</b>	<b>443,328</b>
<b>Accumulated amortisation</b>		
At 1 January 2021	(399,843)	(3,850,722)
Disposals		3,479,139
Amortisation for the year	(28,258)	(28,260)
At 31 December 2021	<b>(428,101)</b>	<b>(399,843)</b>
<b>Carrying amount</b>		
At 1 January 2021	<b>43,485</b>	<b>71,744</b>
At 31 December 2021	<b>15,227</b>	<b>43,485</b>

This asset class represents internally developed software. The remaining amortisation period of the Intangible assets ranges from 0-3 years.

**First American Title Insurance Company of Australia Pty Limited**  
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**Note 15 Trade and other payables**

	2021	2020
	\$	\$
<b>Current</b>		
Other creditors	210,384	225,608
Loans from related entities (note 23)	271,449	153,353
Salary related accrual	541,809	389,155
Sundry creditors and accruals	448,079	421,349
GST payable	324,079	211,152
	<b>1,795,800</b>	<b>1,400,617</b>

**Note 16 Outstanding claims**

	2021	2020
	\$	\$
<b>(a) Outstanding claims liability</b>		
Central estimate	10,387,516	7,833,707
Risk margin	163,336	143,011
Handling costs	752,671	587,528
	<b>11,303,523</b>	<b>8,564,246</b>
Discount to present value	(314,029)	(69,254)
Liability for outstanding claims	<b>10,989,494</b>	<b>8,494,992</b>
 Current	 2,768,616	 2,398,384
Non-Current	8,220,878	6,096,608
	<b>10,989,494</b>	<b>8,494,992</b>

**(b) Risk margin**

*Process for determining the risk margin*

Risk margin of 40% added to Net Outstanding claims for the 2005 and 2010-2011 policy years.

*Risk margin applied*

The discounted risk margin applied for 2021 is \$158,884 (2020: \$142,044).

**(c) Reconciliation of discounted outstanding claims liability**

	Gross	Recoveries	Net
	\$	\$	\$
<b>2021</b>			
Outstanding claims liability brought forward	8,494,992	(6,836,148)	1,658,844
Incurred claims per the Statement of Profit or Loss and Other Comprehensive Income	3,856,625	(3,245,784)	610,841
Less claims (paid)/recovered	(1,362,123)	889,918	(472,205)
<b>Total outstanding claims liability carried forward</b>	<b>10,989,494</b>	<b>(9,192,014)</b>	<b>1,797,480</b>
 <b>2020</b>			
Outstanding claims liability brought forward	8,613,232	(6,953,924)	1,659,308
Incurred claims per the Statement of Profit or Loss and other Comprehensive Income	1,341,090	(870,079)	471,011
Less claims (paid)/recovered	(1,459,331)	987,856	(471,475)
<b>Total outstanding claims liability carried forward</b>	<b>8,494,991</b>	<b>(6,836,147)</b>	<b>1,658,844</b>



**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 16 Outstanding claims (continued)**

**(d) Claims development table**

<b>(i) Gross Policy Year</b>	<b>Prior years</b>	<b>2017 \$</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>2021 \$</b>	<b>Total \$</b>
<b>Estimate of ultimate claims cost:</b>							
At end of policy year		2,436,733	2,076,344	1,920,567	1,999,663	2,711,794	
One year later		1,841,491	1,679,563	1,744,601	1,735,322		
Two years later		1,985,538	1,606,966	1,615,643			
Three years later		1,770,880	1,589,069				
Four years later		1,478,826					
Current estimate of cumulative claims costs	41,664,858	1,478,826	1,589,069	1,615,643	1,735,322	2,711,794	50,795,512
Cumulative payments	37,800,211	1,013,010	767,059	553,466	244,822	29,428	40,407,996
Undiscounted	3,864,647	465,816	822,010	1,062,177	1,490,500	2,682,366	10,387,516
Discount	(74,064)	(8,824)	(18,375)	(28,826)	(49,447)	(109,125)	(288,661)
Outstanding claims discounted	3,790,583	456,992	803,635	1,033,351	1,441,053	2,573,241	10,098,855
Claims handling expense (disc)	164,010	41,129	72,327	93,002	129,695	231,592	731,755
Risk margin (disc)							158,884
Total gross outstanding claims							10,989,494

<b>(ii) Net Accident Year</b>	<b>Prior years</b>	<b>2017 \$</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>2021 \$</b>	<b>Total \$</b>
<b>Estimate of ultimate claims cost</b>							
At end of accident year		500,000	500,000	500,000	500,000	500,000	
One year later		500,000	500,000	500,000	500,000		
Two years later		500,000	500,000	500,000			
Three years later		500,000	500,000				
Four years later		500,000					
Current estimate of cumulative claims costs	6,762,204	500,000	500,000	500,000	500,000	500,000	9,262,204
Cumulative payments	6,721,902	500,000	500,000	399,516	204,291	26,878	8,352,587
Outstanding claims							
Undiscounted	40,302	-	-	100,484	295,709	473,122	909,617
Discount	(893)	-	-	(55)	(708)	(1,119)	(2,775)
Outstanding claims discounted	39,409	-	-	100,429	295,001	472,003	906,842
Claims handling expense (disc)	164,010	41,129	72,327	93,002	129,695	231,592	731,754
Risk margin (disc)							158,884
Total net outstanding claims							1,797,480

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 17 Financial Instruments**

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. The Company's exposure to market risk is primarily through foreign exchange risk on the Company's cash and cash equivalents.

**(i) Foreign exchange risk**

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposure with respect to the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity and cash flow forecasting.

At 31 December 2021, had the Australian dollar weakened/strengthened by 10%, against the New Zealand dollar with all other variables held constant, equity and post-tax profit for the year would have been \$269,109 higher/ lower mainly as a result of foreign exchange gains/losses on translations of New Zealand dollar held accounts.

**(ii) Interest rate risk**

The Company's main interest rate risk arises from cash, cash equivalents and term deposits. The Company's exposure to interest rate risk is managed primarily through adjustments to existing investment portfolios. There are no interest rate derivatives open at balance date. The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. The exposure to each class to financial asset and liability is located under the relevant note. Also refer to Note 3

**(e) Insurance Contracts - interest rate risk.**

At 31 December 2021, if interest rates had changed by -1%/+1% from the year end rates with all other variables held constant, equity and post-tax profit for the year would have been \$345,128 (2020: \$251,343) lower/higher mainly as a result of interest income from cash and cash equivalents.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and foreign exchange risk. A reasonably possible change in risk variable has been determined after taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date.

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 17 Financial instruments (continued)**

**Interest rate risk**

31-Dec-21	Carrying amount \$	Interest rate risk		Interest rate risk	
		-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial assets</b>					
Cash and cash equivalents	7,251,681	(72,517)	(72,517)	72,517	72,517
Term deposits	27,261,104	(272,611)	(272,611)	272,611	272,611
<b>Total increase/(decrease)</b>	<b>34,512,785</b>	<b>(345,128)</b>	<b>(345,128)</b>	<b>345,128</b>	<b>345,128</b>

31-Dec-20	Carrying amount \$	Interest rate risk		Interest rate risk	
		-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial assets</b>					
Cash and cash equivalents	4,002,115	(40,021)	(40,021)	40,021	40,021
Term deposits	21,132,144	(211,321)	(211,321)	211,321	211,321
<b>Total increase/(decrease)</b>	<b>25,134,259</b>	<b>(251,343)</b>	<b>(251,343)</b>	<b>251,343</b>	<b>251,343</b>

**Foreign exchange risk**

31-Dec-21	Carrying amount \$	Foreign exchange risk			
		-10%		10%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial assets</b>					
Cash and cash equivalents	1,326,966	(132,697)	(132,697)	132,697	132,697
Term deposits	1,339,886	(133,989)	(133,989)	133,989	133,989
Reinsurance recoveries	24,237	(2,424)	(2,424)	2,424	2,424
<b>Total Increase/(decrease)</b>	<b>2,691,089</b>	<b>(269,109)</b>	<b>(269,109)</b>	<b>269,109</b>	<b>269,109</b>

31-Dec-20	Carrying amount \$	Foreign exchange risk			
		-10%		10%	
		Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial assets</b>					
Cash and cash equivalents	1,196,518	(119,652)	(119,652)	119,652	119,652
Term deposits	1,280,337	(128,034)	(128,034)	128,034	128,034
Reinsurance recoveries	25,187	(2,519)	(2,519)	2,519	2,519
<b>Total Increase/(decrease)</b>	<b>2,502,042</b>	<b>(250,204)</b>	<b>(250,204)</b>	<b>250,204</b>	<b>250,204</b>

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 17 Financial Instruments (continued)**

**(b) Credit risk**

Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in a financial loss to the Company. Credit risk arises from the financial assets of the Company including cash, receivables and investments. The carrying amount of financial assets in the Company's Statement of Financial Position represents the Company's maximum exposure to risk. The credit risk on financial assets is the carrying amount, net of any provisions for doubtful debts. No collateral is held by the Company. The Company has not granted any financial guarantees.

The Company's investing activities are restricted to government bonds and deposits with banks, i.e. within highly regulated markets which considerably reduces the Company's exposure to credit risk.

<b>Credit Quality Table</b>	<b>2021 rating</b>	<b>2020 rating</b>	<b>2021 \$</b>	<b>2020 \$</b>
Trade & other receivables	Not rated	Not rated	1,029,623	2,621,368
Other financial asset - intercompany loan	Not rated	Not rated	-	440,002
Reinsurance recoveries	A-	A-	9,192,014	6,836,147
Accrued interest	AA-	AA-	40,689	105,982

<b>Aging Table 2021</b>	<b>Not past Due</b>	<b>Past Due but not Impaired (1 - 180 days)</b>	<b>Past Due (180 days or more)</b>	<b>2021</b>
	\$	\$	\$	\$
Trade & other receivables	1,025,634	3,989	-	1,029,623
Other financial assets - intercompany loans	-	-	-	-
Reinsurance recoveries	9,192,014	-	-	9,192,014
Accrued interest	40,689	-	-	40,689

<b>Aging Table 2020</b>	<b>Not past Due</b>	<b>Past Due but not Impaired (1 - 180 days)</b>	<b>Past Due (180 days or more)</b>	<b>2020</b>
	\$	\$	\$	\$
Trade & other receivables	2,061,710	559,539	-	2,621,248
Other financial assets - intercompany loans	440,002	-	-	440,002
Reinsurance recoveries	6,836,147	-	-	6,836,147
Accrued interest	105,982	-	-	105,982

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its obligations when they fall due. The Company continuously manages risk through rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

No assets have been pledged as collateral. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The only financial liabilities that exist are trade and sundry payables, outstanding claims and provisions. These liabilities have the following maturity pattern:

<b>Maturity Profile Table 2021</b>	<b>1 year or less \$</b>	<b>1 to 3 years \$</b>	<b>2021 \$</b>
Other Payables	1,795,800	-	1,795,800
Outstanding claims	2,768,616	8,220,878	10,989,494
Provisions	70,914	7,012	77,926

<b>Maturity Profile Table 2020</b>	<b>1 year or less \$</b>	<b>1 to 3 years \$</b>	<b>2020 \$</b>
Other Payables	1,400,617	-	1,400,617
Outstanding claims	2,398,384	6,096,608	8,494,992
Provisions	60,423	6,548	66,971

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 17 Financial Instruments (continued)**

**(d) Derivative instruments**

The Company is not party to any derivative financial instruments in the normal course of business.

**(e) Fair value of financial assets and liabilities**

The fair value of financial assets and financial liabilities approximates their carrying amounts due to the short term nature of financial assets. As noted in the accounting policy. Investments are held at amortised cost at balance sheet date.

The below table demonstrates the maturity of financial assets and liabilities over 5 years.

		<b>Fixed Interest maturing in:</b>						
<b>2021</b>	<b>Note</b>	<b>3 months or less</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Variable rate</b>	<b>Non Interest Bearing</b>	<b>Total</b>	
		\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash	9(a)	-	-	-	7,251,681	-	7,251,681	
Receivables	10	-	-	-	-	1,174,853	1,174,853	
Term deposits	9(b)	-	27,261,104	-	-	-	27,261,104	
<b>Total</b>		<b>-</b>	<b>27,261,104</b>	<b>-</b>	<b>7,251,681</b>	<b>1,174,853</b>	<b>35,687,638</b>	
Weighted average interest rate			0.38%		Variable			
<b>Financial Liabilities</b>								
Accounts payable	15	-	-	-	-	1,795,800	1,795,800	
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,795,800</b>	<b>1,795,800</b>	
Weighted average interest rate								
<b>Net Financial Assets</b>		<b>27,261,104</b>	<b>-</b>	<b>-</b>	<b>7,251,681</b>	<b>(620,947)</b>	<b>33,891,838</b>	
<b>Non-Financial Assets</b>							<b>10,770,694</b>	
<b>Non-Financial Liabilities</b>							<b>11,067,420</b>	
<b>Net Assets</b>							<b>33,595,112</b>	

		<b>Fixed Interest maturing in:</b>						
<b>2020</b>	<b>Note</b>	<b>3 months or less</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Variable rate</b>	<b>Non Interest Bearing</b>	<b>Total</b>	
		\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash	9(a)	-	-	-	4,002,115	-	4,002,115	
Receivables	10&12	110,000	330,002	-	-	2,799,047	3,239,049	
Term deposits	9(b)	6,649,623	14,482,521	-	-	-	21,132,144	
<b>Total</b>		<b>6,759,623</b>	<b>14,812,523</b>	<b>-</b>	<b>4,002,115</b>	<b>2,799,047</b>	<b>28,373,308</b>	
Weighted average interest rate		2.60%	2.60%		Variable			
<b>Financial Liabilities</b>								
Accounts payable	15	-	-	-	-	1,400,617	1,400,617	
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,400,617</b>	<b>1,400,617</b>	
Weighted average interest rate								
<b>Net Financial Assets</b>		<b>6,759,623</b>	<b>14,812,523</b>	<b>0</b>	<b>4,002,115</b>	<b>1,398,430</b>	<b>26,972,691</b>	
<b>Non-Financial Assets</b>							<b>8,080,400</b>	
<b>Non-Financial Liabilities</b>							<b>8,606,111</b>	
<b>Net Assets</b>							<b>26,446,980</b>	

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 17 Financial instruments (continued)**

**(f) Fair value of financial Instruments**

The fair value of financial assets and financial liabilities approximates their carrying amounts due to the short term nature of financial assets. As noted in the accounting policy. Investments are held at amortised cost at balance sheet date.

The following tables detail the company's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable Inputs)

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Term deposits	27,261,104			27,261,104
<b>Total assets</b>	<b>27,261,104</b>			<b>27,261,104</b>
<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Term deposits	21,132,144			21,132,144
<b>Total assets</b>	<b>21,132,144</b>			<b>21,132,144</b>

There were no transfers between levels during the financial year.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 18 Employee benefit provisions**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Current</b>		
Employee benefits	70,914	60,423
<b>Non- Current</b>		
Employee benefits	7,012	6,548
	<b>77,926</b>	<b>66,971</b>
Opening balance	66,971	56,236
Movement	10,954	10,735
<b>Closing balance</b>	<b>77,926</b>	<b>66,971</b>

**Remuneration commitments**

The Company contributes to accumulation superannuation funds to provide retirement and superannuation benefits for employees.

Contributions are made by the Company and employees based on various percentages of employees' gross salaries. The Company is under no legal obligation to make up any shortfall in the funds' assets.

**Note 19 Capital adequacy**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Tier 1 Capital</b>		
Contributed equity	15,574,495	15,574,495
Foreign exchange translation reserve	479,529	446,911
Retained earnings at beginning of the year	10,425,574	7,432,064
Gain for the year	7,115,514	2,993,510
Less intangibles	(1,575,208)	(1,243,485)
<b>Total capital base</b>	<b>32,019,904</b>	<b>25,203,495</b>
Minimum capital requirement	5,000,000	5,000,000
<b>Capital adequacy multiple</b>	<b>6.40</b>	<b>5.04</b>

**Note 20 Contributed equity and reserves**

(a) Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. All shares in the Company are ordinary shares and rank equally.

At 31 December 2021 there were 15,574,495 \$1 par value ordinary shares issued and fully paid (2020: 15,574,495).

(b) The foreign currency reserve arises from the revaluation of New Zealand balances included in the financial statements.

**Note 21 Auditor's remuneration**

During the year the auditor of the Company and its related practices earned the following remuneration:

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>KPMG</b>		
<i>Audit services - KPMG</i>		
Audit of financial statements	70,950	65,100
<i>Assurance services</i>		
Regulatory assurance service	27,500	12,500
<i>Non-Audit services</i>		
Tax advice and tax compliance	17,680	17,680
<b>Total remuneration</b>	<b>116,130</b>	<b>95,280</b>

**Note 22 Commitments for expenditure**

The company has not engaged with any leases under non-cancellable operating leases.

**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 23 Related parties**

**Controlling entities**

The immediate parent entity is FAF International Holdings GmbH incorporated in Switzerland. The ultimate parent entity is the First American Financial Corporation incorporated in the United States of America.

**Other related parties**

First American Financial Corporation, Delaware, is the ultimate parent entity within the group which includes First American Title Insurance Company, Santa Ana, California and its controlled entities, First American Title Insurance Company of Australia Pty Limited.

The Company paid commission fees for services utilised to other entities within the group during the period. Additionally, it received funds from the other entities within the group. These transactions were on normal commercial terms.

	2021	2020
	\$	\$
<b>Aggregate amounts receivable/(payable) at balance date from:</b>		
<b>Current</b>		
Other commonly controlled entity	437,412	1,853,593
Other commonly controlled entity	(271,449)	(153,353)
Intercompany loan - FAF International Property Services (Australia) Pty Ltd	-	440,002
The other commonly controlled entity includes a reinsurance receivable balance of \$2,262,974.		
<b>Non-current</b>		
Intercompany loan - FAF International Property Services (Australia) Pty Ltd	-	-
<b>Amounts charged to and received from entities within the group</b>		
Reimbursement of other expenses from ordinary activities (to)/from commonly controlled	(373,060)	(276,286)
Outward reinsurance premium expense paid to First American Title Insurance Company	(932,208)	(526,862)
Outward reinsurance recoveries from First American Title Insurance Company	3,186,213	649,177
IT fee income from related parties within the group	-	39,667
Interest received on intercompany loan	14,115	40,701

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The directors and other members of key management personnel of First American Title Insurance Company of Australia Pty Limited during the year were:

- Eric Richard Dodd (Non-executive Director, Chairman)
- Anthony Peter Gill (Non-executive Director)
- Patti Hui-Ting Evers (Director, Chief Executive Officer)
- David John Ryan (Non-executive Director)
- George Stone Livermore (Non-executive Director)
- Daniel Cane (Chief Operating Officer)
- Christopher Evans (General Manager - Sales & Relationships)
- Stella Eggins (Chief Financial Officer)
- Tej Bedi (General Manager- Projects & IT)
- Dan Hogan (General Manager, Risk & Compliance)

The Company has received key management personnel services from a related entity. The amount incurred for the service fee is disclosed below.

	2021	2020
	\$	\$
The compensation of key management personnel paid by the Company is set out below:		
Service fees charged by a related entity	894,439	844,833
Directors fees	188,997	185,001
Total compensation	<u>1,083,436</u>	<u>1,029,834</u>



**First American Title Insurance Company of Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Note 24 Events occurring after reporting date**

There has not arisen in the interval between the end of the financial year and the date of these financial statements any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial years.

**Note 25 Reconciliation of profit from ordinary activities to net cash inflow from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	7,115,514	2,993,510
Adjustments		
Depreciation, amortisation and impairment	28,916	28,803
Net exchange differences	17,360	(110,130)
Net loss on sale of non-current assets	-	-
Change in operating assets and liabilities		
Decrease/(increase) in receivables	175,563	(1,489)
(Increase)/decrease in other assets	(2,323,418)	183,990
Decrease/(increase) in related party loans	1,537,469	(118,119)
(Decrease)/increase in tax payable	(404,128)	3,570
Increase in payables	275,389	344,891
Increase/(decrease) in provisions	2,499,748	(123,509)
Increase in employee benefits provision	10,954	10,736
<b>Net cash provided by operating activities</b>	<b>8,933,367</b>	<b>3,212,253</b>

**Note 26 Contingencies**

The Company had no contingent liabilities at 31 December 2021 (2020: \$nil).

**First American Title Insurance Company of Australia Pty Limited**  
**Directors' Declaration**  
**For the year ended 31 December 2021**

In the directors' opinion:

- a) the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements; and
- c) the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(A) of the Corporations Act 2001.

On behalf of the Directors

DocuSigned by:

*Eric Dodd*

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Eric Richard Dodd

Director

Sydney

Date: 15 March 2022

DocuSigned by:

*Patti Eyers*

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Patti Hui-Ting Eyers

Director

Sydney

Date: 15 March 2022



# Independent Auditor's Report

To the shareholders of First American Title Insurance Company of Australia Pty Limited

## Opinion

We have audited the **Financial Report** of First American Title Insurance Company of Australia Pty Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The **Financial Report** comprises:

- Statement of Financial Position as at 31 December 2021;
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in First American Title Insurance Company of Australia Pty Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Director's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Graeme Scott  
Partner

Sydney  
15 March 2022