

T&G INSURANCE LIMITED
ANNUAL REPORT
31 DECEMBER 2021

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T&G INSURANCE LIMITED
DIRECTORY
31 DECEMBER 2021

Board of Directors:

Douglas James Bygrave
Carol Anne Campbell
Dirk Helmut Kamutzky

Auditor:

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1010

Banker:

Bank of New Zealand
60 Waterloo Quay
Pipitea
Wellington 6011
New Zealand

Solicitor:

Russell McVeagh
Level 30, Vero Centre
48 Shortland Street
Auckland 1140

Registered Office:

1 Clemow Drive, Mount Wellington
Auckland 1060

Postal Address:

1 Clemow Drive, Mount Wellington
Auckland 1060

Shareholder:

T&G Global Limited

1,000 ordinary shares

**T&G INSURANCE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Results

The profit for the year ended 31 December 2021 after tax is \$459,000 (31 December 2020: \$431,000).

Dividends

A \$400,000 dividend was paid in respect of the year ended 31 December 2021 (31 December 2020: Nil).

Use of Company Information by Directors

No notices were received from Directors pursuant to section 145 of the Companies Act 1993 to use Company information, received in their capacity as Directors, which would otherwise not have been available to them.

Disclosures of Interests by Directors

There have been no transactions in which Directors have had an interest.

Auditor

The Auditor, Deloitte Limited, was reappointed into office in accordance with Section 207T of the Companies Act 1993.


General


Comparative balances are for the year ended 31 December 2020.

The shareholder has resolved that the information required by section 211(1)(a) and (e) to (i) of the Companies Act 1993 need not be disclosed.

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

For and on behalf of the Board of Directors

DocuSigned by:

0E796BA8AEB7414...
Douglas Bygrave
Director
24 March 2022

DocuSigned by:

E787B0D2C7A14E2...
Carol Campbell
Director
24 March 2022

**T&G INSURANCE LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors are pleased to present the financial statements of T&G Insurance Limited for the year ended 31 December 2021 on pages 4 to 16.


The Directors are responsible for the preparation and presentation of the Company's financial statements for the year ended 31 December 2021, in accordance with New Zealand law and generally accepted accounting practice.

The Directors consider that the financial statements of the Company have been prepared using accounting policies appropriate to the Company circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand Equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This Annual Report is dated 24 March 2022 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors

DocuSigned by:

0E796BA8AFB7414...
Douglas Bygrave
Director

DocuSigned by:

E787B0D2C7A14E2...
Carol Campbell
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	2021 \$'000	2020 \$'000
Premium income		5,118	4,673
Commission income		161	149
Reinsurance recovery		-	2
Outward reinsurance expense		(4,384)	(4,000)
Claims expense		(7)	(2)
Management fee expense		(43)	(45)
Other operating expenses	2	(232)	(229)
Operating profit		613	548
Financing income		69	98
Financing expenses		(44)	(48)
Profit before income tax		638	598
Income tax expense	3	(179)	(167)
Profit for the period		459	431
Other comprehensive income		-	-
Total other comprehensive income		459	431

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	NOTES	Share capital \$'000	Retained earnings \$'000	Total \$'000
2021				
Balance at 1 January 2021		1,000	1,361	2,361
Profit for the period		-	459	459
Total comprehensive income for the period		-	459	459
Transactions with owners				
Dividends		-	(400)	(400)
Total transactions with owners		-	(400)	(400)
Balance at 31 December 2021		1,000	1,420	2,420
2020				
Balance at 1 January 2020		1,000	930	1,930
Profit for the period		-	431	431
Total comprehensive income for the period		-	431	431
Transactions with owners				
Dividends		-	-	-
Total transactions with owners		-	-	-
Balance at 31 December 2020		1,000	1,361	2,361

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET**As at 31 December 2021**

	NOTES	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents		530	858
Term deposits		1,400	2,100
Trade and other receivables	5	3,589	3,079
Deferred reinsurance premium		3,035	3,018
Total current assets		8,554	9,055
Non-current assets			
Term deposits		300	-
Total non-current assets		300	-
Total assets		8,854	9,055
Current liabilities			
Trade and other payables	11	2,810	3,058
Unearned premium		3,515	3,525
Unearned ceding commission		109	111
Total current liabilities		6,434	6,694
Total liabilities		6,434	6,694
Equity			
Share capital	4	1,000	1,000
Retained earnings		1,420	1,361
Total equity attributable to equity holders of the Parent		2,420	2,361
Total equity		2,420	2,361
Total liabilities and equity		8,854	9,055

DocuSigned by:



Douglas Bygrave

Director

24 March 2022

DocuSigned by:



Carol Campbell

Director

24 March 2022

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	NOTES	2021 \$'000	2020 \$'000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers and commissions		4,825	4,750
Receipts from reinsurance recovery		-	2
Interest received		69	95
<i>Cash was disbursed to:</i>			
Payments to suppliers		(747)	(352)
Reinsurance premiums paid		(4,414)	(3,895)
Claims paid		(7)	(3)
Premium funding interest paid		(44)	(47)
Income taxes paid		(10)	(259)
Net cash (outflow) / inflow from operating activities		(328)	291
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Proceeds from maturing term deposits		400	-
<i>Cash was disbursed to:</i>			
Intercompany payment		-	(174)
Net cash (outflow) / inflow from investing activities		400	(174)
Cash flows from financing activities			
<i>Cash was disbursed to:</i>			
Dividends to parent shareholders		(400)	-
Net cash (outflow) from financing activities		(400)	-
Net (decrease) / increase in cash and cash equivalents		(328)	117
Cash and cash equivalents at the beginning of the year		858	741
Cash and cash equivalents at the end of the period		530	858

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)

RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	NOTES	2021 \$'000	2020 \$'000
Profit for the period		459	431
Adjusted for non-cash items and items classified as investing activities:			
Intercompany transactions		-	174
		459	605
Impact of changes in working capital items net of effects of non-cash items, and investing and financing activities:			
(Increase) in trade and other receivables		(510)	(372)
(Increase) in deferred reinsurance premium		(18)	(281)
(Decrease) / increase in creditors and provisions		(416)	125
(Decrease) / increase in insurance contract liabilities		(12)	363
Increase / (decrease) in net taxation payable		169	(149)
		(787)	(314)
Net cash (outflow) / inflow from operating activities		(328)	291

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Reporting

The financial statements presented are those of T&G Insurance Limited (the Company). The Company's primary business is the provision of insurance services to T&G Global Limited (the Parent) and its subsidiaries.

Statutory Base

The Company is a for-profit entity domiciled and registered under the Companies Act 1993 in New Zealand. It is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements comply with this Act.

Basis of Preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS). These financial statements are prepared in accordance with the requirements of the Financial Markets Conduct Act 2013.

These financial statements are expressed in New Zealand dollars which is the presentation currency of the Company. All financial information has been rounded to the nearest thousand (\$'000) unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost.

The accounting policies set out below have been applied in preparing these financial statements for the year from 1 January 2021 to 31 December 2021.

Reclassification

Certain prior year comparative balances have been reclassified to align with the current year presentation. There is no change to prior year net assets, total comprehensive income, or net profit after tax.

Key Judgements and Estimates

The Group makes estimates and judgements concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results.

The Company reviews the estimates and assumptions on an ongoing basis.

There are no significant judgements or estimates in these financial statements, other than as follows:

Outstanding claim liabilities

Outstanding claim liabilities include all claims notified but not paid at balance date and claims incurred but not yet reported. The Directors apply judgements in determining the quantum of any claims outstanding at balance date. There are no outstanding claims mitigated by reinsurance recoverable.

The Company considered the impact of Covid-19 on the financial statements and has concluded that there is no impact.

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Goods and Services Tax

The statement of comprehensive income and statement of cash flows have been presented with all items exclusive of GST. All items in the balance sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

(b) Revenue Recognition

Premium revenue

Premium revenue represents premiums relating to the current financial period and recognised in accordance with pattern of the incidence of risk. Premiums received which relate to the following financial year are deferred and recorded as 'Unearned premium' within the balance sheet.

Interest

Interest revenue is accrued on a time basis using the effective interest method.

Commission

Commission income is recognised as revenue when the Company's right to receive payment becomes unconditional.

(c) Outwards Reinsurance

Premiums ceded to reinsurers under reinsurance contracts are classified as an outwards reinsurance expense and are recognised in profit and loss over the period of the contract. Accordingly, a portion of the outwards reinsurance premium is treated at balance date as "Deferred reinsurance premium" in the balance sheet.

(d) Claims Expense and Outstanding Claims

Claims paid are treated as an expense. Provision is made for the estimated cost of all claims notified but not settled at balance date and claims incurred but not yet reported, based on past experience and any changes in circumstances such as recent catastrophic events, that may affect the pattern of unreported claims.

(e) Reinsurance and Other Recoveries Receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and claims incurred but not reported are assessed in a manner similar to the assessment of outstanding claims.

(f) Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities based on the current period's taxable income and any adjustments in respect of previous years.

Income tax is recognised in the statement of comprehensive income apart from when it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

The Company does not have any material temporary differences and therefore no deferred tax has been recognised.

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Assets and Liabilities

Classification of financial assets and liabilities

Financial assets and financial liabilities classed as measured at amortised cost are carried at amortised cost less any impairment.

Financial assets measured at amortised costs includes cash and cash equivalents, and other receivables.

Financial liabilities measured at amortised costs includes trade and other payables.

Impairment of financial assets

The impairment model found in NZ IFRS 9 Financial Instruments (NZ IFRS 9) applies to the Company's financial assets measured at amortised cost and consequently the Company will be required to record expected credit losses, either on a 12-month or lifetime basis, on all of its other receivables.

The Company's other receivables are from its immediate parent, T&G Global, and are unsecured and repayable on demand. As the Company is part of the T&G Global Group, these receivables are considered to be at low risk of default. The parent company reported a positive working capital, and had sufficient cash to pay the intercompany balances as they fall due. Because of these factors, no allowance for expected credit losses has been recognised in the current year.

(h) Trade and Other Payables

Trade and other payables are initially recognised at fair value and then subsequently measured at amortised cost.

(i) Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents include bank balances.

The following terms are used in the statement of cash flows:

Operating activities are the principal revenue producing activities of the Company and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company.

(j) New Standards and Interpretations Adopted in the Current Year

There have been no new standards or amendments adopted that have had a material impact on our financial statements.

(k) Standards and Interpretations in Issue not yet Effective

NZ IFRS 17 Insurance Contracts (NZ IFRS 17)

NZ IFRS 17 Insurance Contracts (NZ IFRS 17) has not been adopted early. This standards provides consistent principles for all aspects of accounting for insurance contracts. This standard becomes effective for annual periods commencing on or after 1 January 2023. The impact on the financial statements has not yet been determined.

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$'000	\$'000
2. OTHER OPERATING EXPENSES		
Fee to auditor for the audit of financial statements	6	6
Fee to auditor for the assurance services regarding the annual solvency return	5	6
Professional fees	220	216
General expenses	1	1
	<u>232</u>	<u>229</u>

3. TAXATION

(a) Income Tax Recognised in Profit

Income tax expense comprises:

Current tax expense	179	167
Total income tax expense recognised in profit or loss	<u>179</u>	<u>167</u>

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

Profit from operations	638	598
Income tax expense calculated at 28% (2020: 28%)	<u>179</u>	<u>167</u>

(b) Current Tax Payable

Balance at beginning of the year	-	149
Tax paid for the prior period	-	(149)
Taxation expense	179	167
Income tax payable transfer to intercompany	(179)	(167)
Withholding tax	(10)	(18)
Withholding tax transfer to intercompany	10	18
Balance at end of the year	<u>-</u>	<u>-</u>

4. SHARE CAPITAL

1,000 ordinary shares	1,000	1,000
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All ordinary shares are fully paid, have equal voting rights and share equally in dividends and net assets on winding up.

5. OTHER RECEIVABLES

Premium receivable from T&G Global Limited	3,521	3,053
Term deposit interest receivables	68	26
	<u>3,589</u>	<u>3,079</u>

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. RELATED PARTY DISCLOSURES

The parent company is T&G Global Limited, a company incorporated in New Zealand and listed on the NZX.

Delica Limited, T&G Processed Foods Limited, Status Produce Favona Road Limited, Turners & Growers Fresh Limited, Turners & Growers New Zealand Limited and ENZAFruit New Zealand International Limited are the subsidiaries of T&G Global Limited. The Company provides insurance services to T&G Global Limited and the subsidiaries above.

	2021	2020
	\$'000	\$'000
Insurance premium gross written value from companies within T&G Global Limited	5,114	5,023
Insurance claims paid to companies within T&G Global Limited	7	3
Income tax payable transferred to T&G Global Limited	169	149
Receivable / (payable) to T&G Global Limited	3,334	(144)

The Directors are considered key management personnel of the Company and did not receive any remuneration during the period.

7. CREDIT RATING

The Company does not have, has not sought and is not required to have a credit rating according to the Insurance (Prudential Supervision) Act 2010.

8. REINSURANCE

(a) Material Damage and Business Interruption Reinsurance Contracts

The material damage and business interruption reinsurance contracts were renewed as at 1 September 2021 and the programme continues to be arranged on a split basis. 80% of the programme provides \$250 million of cover for natural disaster and non-fire losses, and \$150 million for fire losses. The remaining 20% of the reinsurance is on full declared values - \$1.098 million.

There are no unexpected events or potential claims that would impact the Company. The Company has a credit risk with respect to the reinsurers. This risk is mitigated by choosing reinsurers with good financial strength.

Natural and non-natural disaster losses

The Company retains risks of up to \$750,000 per claim for non-natural disaster losses and zero for natural disaster risks.

For certain contingencies such as burglary, a deductible of \$25,000 is applicable between the Company and T&G Global Limited.

A deductible of \$50,000 is applicable between the Company and the reinsurance market.

Contingent business interruption and live plants

The reinsurance for contingent business interruption and live plants has a maximum exposure for any one event of \$150,000.

Other coverages

The Company has capped its maximum exposure for other claims under the reinsurance contracts to a deductible difference of \$250,000.

(b) Crop Shortfall and Quality Index Policy Reinsurance Contracts

The Company renewed its reinsurance contract on the Crop Shortfall, Quality Index policy. The Company carries no risk and has fully reinsured with Munich Re. The policy limit is \$6 million.

The Company has a credit risk with respect to the reinsurer. The risk is mitigated by using a larger and reputable reinsurer. In any case, the Directors believe the Company bears an immaterial insurance risk.

**T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. INSURANCE CONTRACTS - RISK MANAGEMENT POLICIES AND PROCEDURES

The Company was issued with a licence under the Insurance (Prudential Supervision) Act 2010 on 21 November 2017.

The financial condition and operation of the Company is affected by a number of key risks including insurance risk, interest rate risk, market risk, compliance risk and operational risk. The Company's policies and procedures in respect of managing insurance risk are set out in this note.

Objectives in managing risks arising from insurance contracts and policies

The Company has an objective to control insurance risk thus minimising substantial unexpected losses that would expose the Company to an adverse financial capital loss.

Insurance Risk

Insurance exposures are managed by the Company through:

- Implementation of a reinsurance programme that limits the Company's insurance exposures. This reinsurance programme is reviewed annually by the Board.
- The ability to review insurance contracts in place and in particular adjust future premium rates.
- Geographical spread, with properties being located within Northland, Auckland, Wellington, Hawke's Bay, Nelson and Otago.

The Board of the Company has developed, implemented and maintained 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. These systems are reviewed by the Board annually.

Key aspects of the processes established to mitigate risks include:

- The maintenance and use of management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- Using models to calculate premiums and monitor claims patterns. Historical experience and information from management information systems are used as part of the modelling process.
- Reinsurance to limit the Company's exposure to large single claims and catastrophes.
- Monitoring and management of assets and liabilities to attempt to match the maturity dates of assets with expected pattern of claims.
- Diversity in the assets the Company invests in, which is driven by the nature and term of insurance.
- Diversification over separate geographical areas which seeks to reduce variability in loss experience.

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. FINANCIAL INSTRUMENTS

(a) Capital Management

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base to maintain shareholder, creditor and customer confidence and to sustain the future development of the business.

Solvency Requirements under the Insurance (Prudential Supervision) Act 2010

Separate to the insurance contract liabilities (i.e. the Unearned premium liabilities and/or Unearned ceding commission) recognised in the financial statements, insurance companies are required to maintain sufficient capital to meet solvency requirements. These are amounts required to provide protection against the impact of fluctuations and unexpected adverse circumstances on the insurance businesses. The methodology and bases for determining the solvency requirements are in accordance with the requirements of the Insurance (Prudential Supervision) Act 2010.

The actual equity and minimum equity required to be retained to meet solvency requirements over and above the insurance contract liabilities for the Company are:

	2021	2020
	\$'000	\$'000
Actual solvency capital	2,420	2,362
Minimum solvency capital	860	764
Overall minimum per Standard	1,000	1,000
Solvency margin	1,420	1,362
Solvency coverage ratio	2.42	2.36

Actuary's financial condition report

The report by the consulting actuary, Peter Davies B.Mus.'s., FIA, FNZSA, states that the Company is a tidy "captive" reinsurance operation with a satisfactory balance sheet and a conservative insurance structure with a panel of reinsurers with strong financial strength ratings.

The Actuary has been provided with all information requested to carry out his review.

The Actuary has reviewed the actuarial information including the deferred reinsurance premium and, in his opinion, the actuarial information contained in the financial statements has been appropriately included and used in the preparation of the financial statements.

(b) Financial Risk Management Objectives

The Company's activities expose it primarily to interest rate and credit risk.

Interest Rate Risk Management

The Company is exposed to minimal interest rate risk as it does not invest in significant interest bearing instruments.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments which potentially subject the Company to credit risk principally consist of related party receivables, investments in term deposits and cash at bank. Investments in term deposits and cash at bank are considered counter parties with low credit risks of default as the banks have investment grade credit ratings. The Company continuously monitors the credit quality of its receivables, reinsurance receivables and investments and does not anticipate non-performance of those customers.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk Management

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The maturity profile of financial liabilities is disclosed in Note 11.

	2021 \$'000	2020 \$'000
(c) Categories of Financial Instruments		
Financial Assets:		
Measured at amortised cost	5,819	6,037
Financial Liabilities:		
Measured at amortised cost	2,810	3,058

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair value.

11. MATURITY PROFILE OF FINANCIAL LIABILITIES

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

	Less than six months \$'000	Between six months and one year \$'000	One to five years \$'000	Total \$'000
2021				
Trade and other payables	2,810	-	-	2,810
2020				
Trade and other payables	1,681	1,377	-	3,058

12. EVENTS OCCURRING AFTER BALANCE DATE

There are no material events that occurred after the balance date that would require adjustment or disclosure in these accounts.

Independent Auditor's Report

To the Shareholders of T&G Insurance Limited

Opinion

We have audited the financial statements of T&G Insurance Limited (the 'Company'), which comprise the balance sheet as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 4 to 16, present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and 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 ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to the audit we have carried out an engagement on the Company's annual solvency return to the Reserve Bank of New Zealand, which is compatible with those independence requirements. Other than the audit and the other assurance engagement on the solvency return, we have no relationship or interests with the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible on behalf of the Company for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

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

In preparing the financial statements, the directors are responsible on behalf of the Company 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 and ISAs (NZ) 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 on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2>

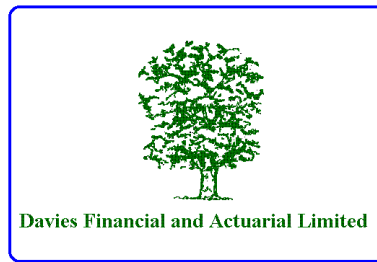
This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters 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's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Hamish Anton, Partner
for Deloitte Limited
Wellington, New Zealand
24 March 2022



14th February 2022

To: The Directors
T&G Insurance Limited

From: Peter Davies
Appointed Actuary

Re: T&G Insurance Limited (“the Company”): Report as at 31st December 2021 under Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. I have reviewed the actuarial information included in the audited accounts for the Company as at 31st December 2021. “Actuarial information” includes the following:
 - claim provisions and unexpired risk / unearned premium provisions;
 - balance sheet and other information allowed for in the calculation of the company’s solvency position; and
 - disclosures regarding the methodology and assumptions used for calculating claim provisions, unexpired risk provisions, and other disclosures.
2. No limitations have been placed on my work.
3. I am independent with respect to the Company as defined under professional standard ISA (NZ) 620 of the External Reporting Board.
4. I have been provided with all information that I have requested in order to carry out this review.

5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.
6. The Company's position as at 31st December 2021 under the RBNZ Solvency Standard for Captive Insurers Transacting Non-life Insurance Business (2014) can be summarised as follows:

	31-Dec-21	31-Dec-20
Actual solvency capital:	2,421,490	2,361,282
Overall minimum per Standard:	1,000,000	1,000,000
Solvency margin	1,421,490	1,361,282
Solvency coverage ratio:	2.42	2.36

The Company is expected to exceed the minimum requirements of this Standard at all times over the next four years.

I would be very happy to answer any queries concerning this report.

Yours sincerely



Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary