DPL INSURANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

DPL INSURANCE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2022

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DPL INSURANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the annual report of DPL Insurance Limited for the year ended 31 March 2022.

There are certain matters that the shareholders can determine need not be disclosed in the annual report. The shareholders have unanimously agreed, under section 211(3) of the Companies Act 1993, to take advantage of that concession. The shareholders have agreed to limit the annual report to the following:

- Completed and signed financial statements
- Audit Report

Signed for and on behalf of the Board of Directors:

Director *Director*

Date: 28 July 2022

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bakertilly STAPLES RODWAY

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DPL Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DPL Insurance Limited ('the Company') on pages 7 to 46, which comprise the statement of financial position as at 31 March 2022, 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 significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Company. Our audit work has been undertaken so that we might state to the Shareholders of the Company 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 Shareholders of the Company as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with 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 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)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and provider of other assurance services we have no relationship with, or interests in, DPL Insurance Limited. The provision of these other assurance services has not impaired our independence.

In addition to this, principals and employees of our firm deal with Turners Automotive Group Limited (Parent of DPL Insurance Limited) or any of its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Group. This has not impaired our independence.

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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 year. 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment of Goodwill and Other Indefinite Life Intangible Assets
As disclosed in Note 18 of the Company's financial statements, the Company has goodwill of $11.8m and brand assets of $21.5m.
Goodwill and brand assets were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount for the purpose of the required annual impairment test. The measurement of a recoverable amount includes the assessment and calculation of its 'value-in-use'.
Management has completed the annual impairment test for the CGU as at 31 March 2022.
This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGU, discount rates applied to the future cash flow forecasts and future market and economic conditions.
Management has also engaged an external valuation expert to assist in the annual impairment testing of the CGU.
</td><td>
Our audit procedures among others included:

Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the recoverable value of the Company's CGU.
Evaluating Management's determination of the Company's CGU based on our understanding of the nature of the Company's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Company to assess how the CGU are monitored and reported.
Evaluating the competence, capabilities, objectivity and expertise of Management's external valuation expert and the appropriateness of the expert's work as audit evidence for the valuation assertion.
Challenging Management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecasted revenue, cost, capital expenditure and discount rates, by adjusting for future events and corroborating the key market related assumptions to external data (including the consideration of the impact of the COVID-19 pandemic).
Procedures included:

Evaluating the logic of the value-in-use calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations;
Evaluating Management's process regarding the preparation and review of forecasts;
Comparing forecasts to Board approved forecasts;
Evaluating the historical accuracy of the Company's forecasting to actual historical performance;
Challenging and evaluating the forecast growth assumptions;
Evaluating the inputs to the calculation of the discount rates applied;
Engaging our own internal valuation expert to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied;
Evaluating the forecasts, inputs and any underlying assumptions with a view to identifying Management bias;
Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and
Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions.

Evaluating the related disclosures (including the accounting policies and accounting estimates) about indefinite life intangible assets, and the risks attached to them which are included in the Company's consolidated financial statements.

</td></tr>
</table>

Key Audit Matter	How our audit addressed the key audit matter
Valuation and Completeness of Insurance Contract Liabilities As disclosed in Note 25 of the Company's financial statements, the Company has insurance contract liabilities of $55.0m. The Company's insurance contract liabilities were significant to our audit due to the size of the liabilities and the subjectivity, complexity and uncertainty inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. Management has engaged an external actuarial expert to estimate the Company's insurance contract liabilities as at 31 March 2022.	Our audit procedures among others included: • Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the valuation of the Company's insurance contract liabilities. • Evaluating the design and operating effectiveness of the key controls over insurance contract origination, ongoing administration, claims management, and reporting and the integrity of the related data. • Evaluating the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. • Agreeing the data provided to Management's external actuarial expert to the Company's records. • Engaging our own actuarial expert to assist in understanding and evaluating: o the work and findings of the Company's external actuarial expert engaged by Management; and o the Company's actuarial methods and assumptions and in challenging the appropriateness of actuarial methods and assumptions used by Management. • Evaluating the selection of methods and assumptions with a view to identify Management bias. • Evaluating the related disclosures (including the accounting policies and accounting estimates) about insurance contract liabilities, and the risks attached to them which are included in the Company's consolidated financial statements.
Valuation of Investment Properties As disclosed in Note 15 of the Company's financial statements, the Company has investment properties totalling $33.3m. Investment properties were significant to our audit due to the size of the asset and the subjectivity, complexity and uncertainty inherent in estimating the fair value of the investment properties. Management has engaged independent external valuers ('the Valuers') to determine the fair value of the Company's investment properties as at 31 March 2022. The Valuers performed their work in accordance with the International Valuation Standards and the Australia and New Zealand Valuation and Property Standards, NZ IFRS 13 *Fair Value Measurement* and NZ IAS 40 *Investment Property*. Due to the unique nature of the properties the Valuers considered other market information when determining a market value for the properties. The Company has adopted the assessed values determined by the Valuers.	Our audit procedures among others included: • Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the fair value of the Company's investment properties. • Reading and evaluating the external valuation reports for the Company's four investment properties as at 31 March 2022. • Confirming that the valuation approaches for these four properties were in accordance with NZ IFRS 13 and NZ IAS 40, and suitable for determining the fair value of the Company's investment properties at 31 March 2022. • Evaluating the competence, capabilities, objectivity and expertise of Management's external valuation expert and the appropriateness of the expert's work as audit evidence for the valuation assertion. • Agreeing property related data provided by Management to the Valuers to the Company's records. • Engaging our own property valuation expert to assist in understanding and evaluating: o the work and findings of the Company's external valuation expert engaged by Management; and o the Company's valuation methods and assumptions to assist us in challenging the appropriateness of valuation methods and assumptions used by Management. • Evaluating the selection of valuation methods and assumptions with a view to identifying Management bias. • Evaluating the related disclosures (including the accounting policies and accounting estimates) about the investment properties which are included in the Company's financial statements.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the 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 (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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent fairly the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is N S de Frere.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

28 July 2022

DPL INSURANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 $'000	2021 $'000
Insurance contract premiums	25	38,149	36,898
Outward reinsurance premium	25	(565)	(570)
Net premium revenue		**37,584**	**36,328**
Claims expense	25	(20,980)	(21,566)
Recoveries	25	1,070	1,527
Net claims incurred		**(19,910)**	**(20,039)**
Commission income	25	1,012	1,102
Other insurance revenue	25	621	914
Decrease / (Increase) in policy liabilities	25	583	(143)
Commission expense	5, 25	(2,158)	(2,256)
Depreciation and amortisation expense	5	(1,145)	(1,118)
Other expenses	5	(7,282)	(8,008)
Underwriting profit		**9,305**	**6,780**
Investment income	25	2,417	2,738
Fair value gain on revaluation of investment properties	15, 25	3,603	5,425
Profit before taxation		**15,325**	**14,943**
Taxation	6, 25	(3,262)	(2,659)
Profit after taxation		**12,063**	**12,284**
Other comprehensive income		-	-
Total comprehensive income		**12,063**	**12,284**

The accompanying notes form part of these financial statements

DPL INSURANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance 31 March 2020 (audited)		46,350	16,150	62,500
Total Comprehensive Income attributable to shareholders		-	12,284	12,284
Dividends Paid		-	(3,400)	(3,400)
Balance at 31 March 2021 (audited)		**46,350**	**25,034**	**71,384**
Total Comprehensive Income attributable to shareholders		-	12,063	12,063
Dividends Paid		-	(8,000)	(8,000)
Balance at 31 March 2022		**46,350**	**29,097**	**75,447**

The accompanying notes form part of these financial statements

DPL INSURANCE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Cash and cash equivalents	10	1,526	721
Financial assets at fair value through profit or loss	11	70,199	67,465
Trade receivables	12	2,351	2,560
Other receivables and deferred acquisition costs	13	2,670	3,404
Reverse annuity mortgages	14	3,242	4,152
Investment properties	15	33,300	29,625
Property, plant & equipment	16	354	485
Right of Use Asset	17	956	1,146
Intangible assets	18	36,128	36,670
Total assets		150,726	146,228
LIABILITIES			
Other payables	19	3,937	3,668
Contract liabilities		213	203
Deferred taxation	20	6,419	6,667
Tax payable		290	1,645
Lease Liability	24	1,252	1,444
Life investment contract liabilities	25	8,153	8,116
Insurance contract liabilities	25	55,015	53,101
Total liabilities		75,279	74,844
SHAREHOLDER'S EQUITY			
Share capital	7	46,350	46,350
Retained earnings		29,097	25,034
Total Shareholder's equity		75,447	71,384
Total shareholder's equity and liabilities		150,726	146,228

Signed for and on behalf of the Board of Directors:

Director *Director*

Dated: 28 July 2022

The accompanying notes form part of these financial statements.

DPL INSURANCE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from policyholders and customers		45,866	43,349
Interest Received		758	1,038
Government Wage Subsidy		100	380
Withdrawals and Claims Paid		(22,062)	(22,411)
Interest Expense on Lease Liabilities		(71)	(82)
Other Expenses Paid		(9,027)	(9,742)
Tax paid		(4,865)	(4,007)
Net cash inflow from operating activities	26	10,699	8,525
Cash flows from investing activities			
Proceeds from Investments		290	525
Proceeds from Reverse annuity mortgages		1,166	1,131
Proceeds from sale of Property, Plant and Equipment		36	99
Purchase of Investment Property		(72)	(2,600)
Cash invested in term deposits (net movement)		(2,729)	(4,574)
Purchase of Property, Plant and Equipment		(72)	(99)
Purchase of Intangible Assets		(250)	(106)
Net cash outflow from investing activities		(1,631)	(5,624)
Cash flows from financing activities			
Principal elements of lease payments		(263)	(256)
Dividends Paid		(8,000)	(3,400)
Net cash outflow from financing activities		(8,263)	(3,656)
Net movement in cash and cash equivalents		805	(755)
Add Opening cash and cash equivalents		721	1,476
Closing cash and cash equivalents		1,526	721
Represented by:			
Bank balances	10	1,526	721
Closing cash and cash equivalents		1,526	721

The accompanying notes form part of these financial statements.

1. REPORTING ENTITY

DPL Insurance Limited (the "Company") is incorporated and domiciled in New Zealand and registered under the Companies Act 1993.

The Company is an FMC Reporting Entity for the purpose of the Financial Markets Conduct Act 2013.

The Company is a wholly owned subsidiary of Turners Automotive Group Limited, its parent company.

The financial statements of the Company have been prepared in accordance with the Companies Act 1993, Financial Markets Conduct Act 2013, the Financial Reporting Act 2013 and the Insurance (Prudential Supervision) Act 2010.

The Company is a for profit entity.

The principal activity of the Company is that of a general and life insurer.

The financial statements were authorised for issue by the Directors on 28 July 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The 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 Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets and liabilities to fair value and life insurance contract liabilities and related assets to net present value as described in specific accounting policies.

2.3 Functional and Presentation Currency and Rounding

These financial statements are presented in New Zealand Dollars ($) which is the Company's functional currency. The financial information presented in New Zealand Dollars has been rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the company.

3.1 Adoption of new and revised Standards and Interpretations

No new standards and amendments and interpretations to existing standards came into effect during the current accounting period beginning on 1 April 2021 that materially impacted the Company's financial statements and require retrospective adjustment.

3.2 New standards and amendments and interpretations to existing standards that are not yet effective for the current accounting period beginning on 1 April 2021

The following relevant standards and interpretations have been issued at the reporting date but are not yet effective.

NZ IFRS 17 Insurance Contracts
NZ IFRS 17, 'Insurance Contracts', will replace NZ IFRS 4, 'Insurance Contracts'. Under the NZ IFRS 17, insurance contract liabilities will be calculated at the present value of future insurance cash flows with a provision for risk. The discount rate applied will reflect current interest rates. If the present value of future cash flows would produce a gain at the time an insurance contract is issued, the model would also require a "contractual service margin" to offset the day 1 gain. The contractual service margin would be amortised over the life of the insurance contract. There would also be a new income statement presentation for insurance contracts, including a revised definition of revenue and additional disclosure requirements. NZ IFRS 17 will also have accommodations for certain specific types of insurance contracts. Short-duration insurance contracts will be permitted to use a simplified unearned premium liability model until a claim is incurred. For some contracts, in which the cash flows are linked to underlying items, the liability value will reflect that linkage.

The effective date is annual reporting periods beginning on or after 1 January 2023.

The Company is currently working through the process of preparing its transitional position as at 31st March 2022, which will form the starting point of the prior period comparatives reported at 31st March 2024. Opening equity is likely to be re-stated in respect of some life insurance items, but these are not expected to be material, nor are reported earnings under the new standard expected to differ materially from those reported under NZ IFRS 4, due to the dominance of the Company's non-life activities where IFRS 17 and NZ IFRS 4 produce similar net assets and reported earnings.

3.3 Foreign Currency Transactions
Foreign currency transactions are translated to New Zealand currency at the exchange rate ruling at the date of the transaction. All foreign currency monetary assets and liabilities are translated at the exchange rates ruling as at balance date.

3.4 Revenue and Expense Recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and that the revenue can be reliably measured. The principal sources of revenue are premium income and investment income.

3.4.1 Insurance contracts
Premium Income and Acquisition Costs
Recurring premiums on life insurance contracts are recognised as recoverable when payable by the policyholder. Where policies provide for the payment of amounts of premiums on specific due dates, such premiums are recognised as revenue when due. Unpaid premiums are only recognised as revenue during the days of grace and are not recognised where policies are deemed to have lapsed at reporting date.

General insurance premiums comprise the total premiums payable for the whole period of cover provided by contracts entered into during the reporting period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premium receivables written in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on known sales and are included in written premium.

Unearned premiums are the proportion of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Under life investment contracts deposits are received from policyholders which are then invested on behalf of the policyholders and recognised as Financial assets at fair value through profit or loss. No premium income is recognised as revenue. Fees deducted from members' accounts are accounted for as fee income.

Those direct and indirect costs incurred during the financial period arising from the acquiring or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums from insurance contracts. All other acquisitions costs are recognised as an expense when incurred.

Subsequent to initial recognition, the deferred acquisitions cost asset (DAC) for life insurance contacts is amortised over the expected life of the contracts. DAC for general insurance contracts is amortised over the period in which the revenues are earned.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

DACs are derecognised when the related contracts are either settled or disposed of.

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

General insurance claims expenses are recognised when claims are notified with the exception of claims incurred but not reported for which a provision is estimated. Life insurance contract claims are recognised when a liability has been established. Claims under life investment contracts represent withdrawals of investment deposits and are recognised as a reduction in the life investment contract liabilities.

Maintenance Expenses
Maintenance costs are the fixed and variable costs of administering policies subsequent to sale and maintaining the company's operations such that they are sufficient to service inforce policies. These include general growth and development costs. Maintenance costs include all operating and management costs other than acquisition and investment management costs. Maintenance costs are recognised in profit or loss on an accrual basis.

3.4.2 Financial instruments
Investment Income
Financial instruments are classified in the manner described in note 3.5. Some are measured by reference to amortised cost, other by reference to fair value.

For financial instruments measured at amortised cost, the effective interest method is used to measure the interest income or expense recognised in profit or loss. For financial instruments measured at fair value, interest income or expense is recognised on an accrual basis.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense over the relevant period. The calculation includes all fees paid or received and directly related transaction costs that are an integral part of the effective interest rate. The interest income or expense is allocated over the life of the instrument and is measured for inclusion in profit or loss by applying the effective interest rate to the instruments amortised cost.

3.4.3 Revenue from contracts with customers
Commission income
Commissions earned on the sale of third party products is recognised at a point in time when the sale is made. Payment is usually received when the sale is made. Other than those provided by legislation no warranties are provided by the Company. There are no rebates or volume discounts.

3.4.4 Government grants
Government grants are not recognised as income until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

3.4.5 Other
Other Revenue
Dividend income and unit trust distributions are recorded in the profit or loss when the Company's right to receive the dividend or distribution is established. Realised and unrealised gains and losses from re-measurement of financial instruments at fair value through profit or loss are included in investment income.

Investment Management Expenses
Investment management expenses are the fixed and variable costs of managing investment funds. Investment management expenses are recognised in profit or loss as incurred.

Other Expenses
All other expenses are recognised in profit or loss on an accrual basis.

3.5 Financial Instruments
Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Financial assets that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets measured at amortised cost include cash and cash equivalents, trade receivables, reverse annuity mortgages and other receivables.

(ii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any financial assets as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined in the manner described in note 4.6.

Financial assets measured at FVTPL include unitised funds, fixed interest securities and term deposits.

The Company has no financial assets measured at FVTOCI.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The nature of the Company's trade receivables means there is little or no updated credit risk information that is routinely obtained and monitored on an individual instrument until a customer breaches the contractual terms.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that another default criteria is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above); and
c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy
The Company writes off a financial asset when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

The exposure at default, for financial assets, is represented by the assets' gross carrying amount at the reporting date. No further advances are allowed against financial assets in default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and NZ IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in note 4.6.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

3.6 Taxation

Income tax on net profit for the reporting period comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised outside profit or loss (equity or other comprehensive income), in which case it is also recognised outside profit or loss.

Current tax
Current income tax is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax
Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax liabilities are recognised when tax deductions have exceeded accounting expenditure for temporary differences and depreciation.

3.7 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk and are accounted for in accordance with the requirements of NZ IFRS 4 Insurance Contracts. The Company issues the following insurance contracts:

- Long-term insurance contracts with fixed and guaranteed terms, these contracts insure events associated with human life (for example, death) over a long duration;
- Temporary life insurance contracts covering death disablement, disability and redundancy risks; and
- Short term motor vehicle contracts covering mechanical breakdown risks.

The liability for life insurance contracts is determined in accordance with Appendix C of NZ IFRS 4 Insurance Contracts and Professional Standard No 20 of the New Zealand Society of Actuaries. In terms of these standards, the liability is determined using the methodology referred to as Margin on Service (MoS). Under MoS the excess premium received over claims and expenses, 'the profit margin', is recognised over the life of the contract in a manner that reflects the pattern of risk accepted from the policyholder 'the service'. Longer-term lines of business (annuities, funeral plan) are valued using the projection method, and shorter-term life and longer-term life contracts written on yearly renewable premiums, are valued using the accumulation method, as provided for in NZ IFRS 4.

General insurance contract liabilities include claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling cost and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of claims, therefore the ultimate cost of these cannot be known at reporting date and are estimated based on past experience. The liability is not discounted for the time value of money and is derecognised when the obligation to pay the claim expires, is discharged or is cancelled.

The provision for unearned premiums represent the portion of premiums received or receivable that relates to risks that have not yet been recognised at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Liability adequacy testing is performed in terms of NZ IFRS 4 in order to test the adequacy of all insurance liabilities recorded in the statement of financial position, net of deferred acquisition costs. Liability adequacy testing is performed at a portfolio level of contracts that are subject to broadly similar risks and are managed together as a single portfolio.

3.8 Life Investment Contracts

Life investment contracts are those contracts with minimal insurance risk and are accounted for in accordance with NZ IFRS 15 'Revenue from Contracts with Customers' (refer note 3.4.1) and NZ IFRS 9 'Financial Instruments' (refer note 3.4.2). The life investment contracts are unit-linked and fair value of a unit linked contract is determined using the current unit values that reflect the fair value of the financial assets backing the contract, multiplied by the number of units attributable to the contract holder.

3.9 Investment Property

Investment Property is held for capital appreciation and comprises of land and improvements.

Investment Property is initially recognised at cost and subsequently carried at fair value. The fair value of investment properties is determined by a qualified independent external valuer (refer to Note 15).

Any gains or losses arising from a change in fair value of the investment property is recognised in profit or loss. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

3.10 Property, Plant and Equipment

Property, Plant and Equipment are recognised in the statement of financial position at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a diminishing value or straight-line basis to allocate the costs, net of any residual amounts, over their useful lives. The rates for the following asset classes are:

	Straight Line
Leasehold Improvements and Office Equipment	2 - 7 years
Computer Equipment	2 - 3 years
Motor Vehicles	5 - 7 years

3.11 Intangible Assets

Intangible assets comprise goodwill, acquired separable corporate brands, acquired customer relationships and computer software. Goodwill and corporate brands are indefinite life intangibles subject to annual impairment testing.

Goodwill represents the excess of fair value attributed to investments in subsidiaries over the fair value of the underlying net assets, including intangible assets, at the date of acquisition.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Corporate brands and customer relationships acquired as part of a business combination are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company.

Corporate relationship assets are amortised on the straight line basis over the expected life (10 years) of the relationship and are recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

Computer software is recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

Direct costs associated with the purchase and installation of software licences and the development of software for internal use are capitalised where project success is probable and the capitalisation criteria is met. Cost associated with planning and evaluating computer software and maintaining a system after implementation are expensed. Computer software costs are amortised on a straight-line basis (two to three years).

3.12 Right of use asset and lease liability

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company leases an office. The Rental contract is for a fixed period of 9 years. The lease agreement does not impose any covenants, but the leased asset may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (the lease payments that are unpaid at the reporting date). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss. Right-of-use assets are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

The Company has applied the practical expedient for all COVID-19 rent concessions received during the reporting period.

An early termination option is included in the property lease. This option is exercisable only by the Company and not by the respective lessor.

A deferred tax asset is raised for the tax impact of the changes in recognised lease related assets and liabilities.

In the Statement of cash flows, the Company has presented:
• Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
• Cash paid for the interest portion of a lease liability as part of operating activities, consistent with its presentation of interest paid on financial liabilities); and
• Cash payments for the principal portion for a lease liability, as part of financing activities.

3.13 Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to 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.

Profit sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises an accrual where contractually obliged or where there is a practice that has created a constructive obligation.

Superannuation plans

The Company pays contributions to superannuation plans, such as Kiwisaver. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.14 Statement of Cash Flows

The cash flow statement has been prepared using the direct approach modified by netting certain cash flows in order to provide more meaningful disclosure as many of the cash flows are on behalf of the Company's customers rather than those of the Company. These include reverse mortgages and financial assets at fair value through profit or loss.

3.15 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are accounted for at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.16 Contingent Liabilities

The Company is involved in transactions that give rise to contingent liabilities. The Company discloses a contingent liability when it has a possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.17 Comparatives

Where necessary, comparative information has been reclassified and represented for consistency with current year disclosures.

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing the financial statements in accordance with NZ IFRS, IFRS and applicable reporting standards management has made judgements, estimates and assumptions that affect the application of accounting policies and about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates and assumptions 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.

COVID-19

It is not possible to estimate the full impact of the COVID-19 pandemic's short and long-term effects. As at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these financial statements.

While actual results achieved in the 31 March 2022 financial statements have been better than expected in the COVID-19 environment, residual market uncertainty regarding the economic impact of the pandemic remains.

The principal areas of judgement in preparing these financial statements are set out below.

4.1 Liabilities arising from claims made under insurance contracts

Liabilities arising from claims made under insurance contracts are estimated based on the terms of cover provided under an insurance contract.

The estimation of the ultimate liability arising from claims made under insurance contracts is based on a number of actuarial techniques that analyse experience, trends and other relevant factors. The actuarial methodologies used are noted below.

Actuarial Policies and Methods

The actuarial report on life insurance contract liabilities and prudential reserves for the current reporting period was prepared as at 31 March 2022 by Peter Davies, a Fellow of the New Zealand Society of Actuaries.

Life insurance contract liabilities

The value of life insurance contract liabilities has been determined in accordance with Professional Standard No. 20 of the New Zealand Society of Actuaries. After making appropriate checks, the actuary was satisfied as to the accuracy of the data from which the amount of policy liabilities has been determined.

The key assumptions used in determining policy liabilities are as follows:

(a) *Discount Rates*

Discount rates used to determine the life insurance contract liabilities are based on an appropriate risk-free rate of return, taking account of the term of the insurance contracts.

Tax was deducted at the rate of 28% on investment earnings net of investment expenses (2021: 28%). The net discount rates assumed were as follows:

	2022	2021
Whole of Life and Endowment Policies (including Funeral Plan)*	Treasury risk-free rates	Treasury risk-free rates
Quick Cover term life plan*	Treasury risk-free rates	Treasury risk-free rates
Term Insurance Policies	Not applicable	
Caring Plan Funeral Benefit Policies	Not applicable	
Annuity Policies	Treasury risk-free rates	Treasury risk-free rates
Consumer Credit and Key Person Loan Protection	Not applicable	

* These rates are provided by Treasury as at 31 January, and are then adjusted to 31 March based on the movement in swap rates, as quoted by the Reserve Bank, between January and March. Illustrative forward rates for the respective valuations are as follows:

Cash-flows in year 10:	March 2021:	1.98% per annum net of tax
	March 2022:	2.42% per annum net of tax

(b) *Inflation Rates*
In determining the future expected rate of return, general inflation was assumed to continue into the future at 2.0% per annum (2021: 2.0%).

(c) *Mortality Rates*
Rates of mortality were assumed as follows:
For underwritten whole of life, endowment and term insurance policies: NZ97 (2021: NZ97).
For guaranteed issue regular premium funeral plans: NZ97 (DPL plans), NZ04 (ex-Greenwich plans) multiplied by a factor to reflect higher mortality at younger ages, and the impact of guaranteed issue anti-selection (DPL – reduction of 20% on previous assumption, ex-Greenwich no change from 2021).

QuickCover plans - NZ04 with additional loadings reflecting the impact of guaranteed issue anti-selection.

For annuities the assumed mortality table is 90% of the NZ12-14 population tables. For the Cook Islands Annuity Pension Plan the assumed mortality table is the PA(90) table without adjustment (2021: no change).

(d) *Profit Carriers*
The policies were divided into major product groups with profit carriers as follows:

Major Product Groups	*Carrier*
Participating Whole of Life and Endowment Policies	Premiums
Non Participating Whole of Life and Endowment Policies	Premiums
Lump Sum Funeral Benefit Policies (Caring Plan)	Not Applicable
Term Insurance Policies	Premiums
Funeral Plan Policies (Regular premium guaranteed issue)	Gross claims
Quick Cover term life plan	Gross claims
Annuities	Annuity Payments
Consumer Credit / Lifestyle	Not applicable
Motor business	Not applicable
Accidental death and redundancy - Stop gap	Not applicable
Accidental death regular and single premium	Not applicable

(e) *Investment and Maintenance Expenses*
The maintenance expense and general growth and development expense allowances assumed for the main classes of business were as follows:

	Cost per policy per annum	
	2022	**2021**
	$	**$**
Endowments	158	155
Funeral plans	10	9
Term life plans	10	9
Consumer credit plans (for loss recognition)	10	9
Annuity plans	158	155

Investment management expenses were assumed to be 1.0% (2021: 1.0%) of policy liabilities.

(f) *Inflation and Automatic Indexation of Benefits*
Maintenance expenses are assumed to increase 2.0% per annum (2021: 2.0%). Investment management expenses are assumed to remain a constant percentage of funds under management.

(g) *Taxation*
The assumed future tax rate reflects the corporate tax rate applying in New Zealand with effect from 1 April 2011. The calculations have been carried out on the basis of current life insurance income tax legislation.

(h) *Rates of Discontinuance*

Rates of discontinuance are assumed to be 5.0% for whole of life, endowment and term insurance business (2021: 5.0%), and nil for annuity pension plan business (2021: nil).
For the DPL Funeral plan the rates of discontinuance are based on company experience, beginning at 15% in year 1 and reducing ultimately to 3% per annum (2021: 15% reducing to 3%).
For The Funeral Plan (ex-Greenwich) product the rates of discontinuance are based on the pricing assumption for this product, beginning at 20% in year 1, and reducing ultimately to 3% per annum (2021: 20% to 3%).
For QuickCover the rates of discontinuance are based on the pricing assumption for this product, beginning at 15% in year 1, and reducing ultimately to 10% per annum (2021: 15% reducing to 10%).

(i) *Surrender Values*

The Company's current basis of calculating surrender values is assumed to continue in the future.

(j) *Rates of Future Supportable Participating Benefits*

Rates of bonus supported by the participating fund are simple annual bonuses of $0.00 (2021: $0.00) per $1,000 of sum assured on endowment policies.

(k) *Impact of changes in assumptions*

The impact of the change in the discount rate is a reduction in policy liabilities of $614,000 (2021: a reduction of $223,000).

The policy liabilities are not affected by the revised expense assumptions (2021: no change).

(l) *Crediting Policy Adopted for Future Supportable Participating Benefits*

For participating business the Company's policy is to distribute profits arising such that over long periods the returns to policy holders are commensurate with the investment returns achieved on relevant assets, together with other sources of profit arising from this business. In applying the policyholders' share of distributions to provide bonuses, consideration is given to achieving equity between generations of policyholders and equity between the various classes and sizes of policies in force. Assumed future bonus rates included in policyholder liabilities were set such that the present value of policyholder liabilities, allowing for the shareholders' right to participate in distributions, equals the value of assets supporting the business. The supportable future bonus rate on this basis is zero.

Non-life insurance liabilities

The non-life insurance liabilities have been valued on the basis of their unearned premium. The unearned premium (net of deferred acquisition costs) has been compared to the expected cost of future claims and administration costs to ensure non-life insurance liabilities are sufficient to cover these costs.

4.2 Provision for impairment on financial assets

Provision for impairment on financial assets is determined in accordance with Note 3.5. In applying the policy the Company makes judgements as to whether there is any observable data indicating impairment and the estimation of the recoverable amount.

4.3 Impairment of goodwill

The carrying value of goodwill is assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit, which entails making judgements, including the expected rate of growth of revenues, margins expected to be achieved and the appropriate discount rate to apply when valuing future cash flows (refer to Note 18).

When estimating future cash flows, Management considered the impact of the COVID-19 pandemic on the Company's performance and judgements, including the forecasting of the year-on-year movements in the operating assets such as the movement in deferred insurance contract premiums and acquisition costs, and solvency capital requirements.

4.4 Impairment of corporate brands

The carrying values of brands are assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the related investment or a cash-generating unit, which entails making judgements, including the expected rate of growth of revenues, margins expected to be achieved and the appropriate discount rate to apply when valuing future cash flows (refer to Note 18).

4.5 Valuation of investment properties
The fair value of the investment property has been determined by an independent registered valuer. Note 15 sets out the valuation methodology, key assumptions and sensitivity analysis. The fair value of the investment property is subjective and changes to the assumptions can have a significant impact on profit and the fair value. The fair value measurement for investment property has been categorised as Level 3, as the inputs used as part of the valuation techniques are based on unobservable inputs. These inputs are detailed in Note 15. There were no transfers into or out of Level 3 of the fair value hierarchy during the reporting period.

4.6 Fair value of financial instruments
The fair value of financial instruments that are not quoted in active markets are determined using discounted cash flow models. To the extent practical, models use observable data, however normal volatilities require management to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments (Refer to Notes 11 and 21).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair value of level 3 instruments are determined by using valuation techniques based on a range of unobservable inputs. The Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Specific valuation techniques used to value financial instruments in each level are detailed in notes 15 and 21.

4.7 Determining lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the option is reasonably certain to be exercised. This assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the Company's control. All extension options have been assumed to be exercised for the calculation of the Company's lease liability.

5. PROFIT AFTER MOVEMENT IN LIFE INSURANCE CONTRACT LIABILITIES, LIFE INVESTMENT CONTRACT LIABILITIES, TAXATION AND COMPREHENSIVE INCOME

		2022	2021
a)	**Revenue**	**$'000**	**$'000**
	Interest received	1,020	1,654
	Rental Income	1,397	1,084
	Expenses		
	Remuneration of Auditors		
	- Fees for audit of the financial statements	127	122
	- Fees for audit of the solvency return	11	10
	Depreciation	361	346
	Amortisation on agent relationships	521	520
	Amortisation on other intangibles	264	252
	Provision for impairment on trade receivables and reverse mortgages	73	100
	Directors Fees	35	33
b)	***Net profit after taxation from insurance activities arose from:***		
	Life insurance contracts		
	Planned margin of revenues over expenses	581	435
	Change in discount rate: Treasury yield curve shift	614	185
	Fair value gain on revaluation of investment properties	3,603	5,425
	Difference between actual and assumed experience	6,527	5,295
	Life investment contracts		
	Difference between actual and assumed experience	311	211
	Investment earnings on assets in excess of insurance contract and investment contract liabilities	427	733
	Net profit after taxation attributable to insurance activities	12,063	12,284

The disclosure of the components of operating profit after tax expense are required to be separated between policyholders' and shareholders' interests. We have included only one column, as any policyholder profits are an expense of the Company and not attributable to the Shareholder.

The Company is not able to reliably identify all experience variances separately for life investment contracts. The difference between actual and assumed experience for life insurance contracts therefore includes some variances relating to life investment contracts.

		2022	2021
c)	**Investment Income from unitised funds**		
	Equity securities – Australasian & international	104	1,126
	Fixed interest securities – New Zealand	(44)	5
	Property securities – New Zealand and international	235	451
		295	1,582
d)	**Administration fees**		
	Insurance contracts		
	Policy acquisition expenses – commission costs	2,158	2,256
	Deferred acquisition costs	324	989
	Total insurance contract related expenses	2,482	3,245
	Life investment contracts		
	Investment management expenses	45	43
	Total investment contract related expenses	45	43
	Total insurance expenses	2,527	3,288

Acquisition costs are those fees charged against the schemes and policies during the first year of operation. Maintenance costs are all other fees charged against the schemes and policies.

6. TAXATION

Taxation expense/(benefit)	2022 $'000	2021 $'000
Profit before taxation	15,325	14,943
Income tax using the Company's domestic tax rate 28% (2021: 28%)	4,291	4,184
The tax effect of non-assessable income for tax purposes	(1,026)	(1,524)
Prior year adjustment	(3)	(1)
Taxation expense	3,262	2,659
Comprising:		
Current	3,529	3,264
Deferred	(248)	(514)
Prior year adjustment	(19)	(91)
	3,262	2,659

Income tax losses on policyholder base	2022 $'000	2021 $'000
Opening balance	5,276	5,180
Current year loss	(604)	52
Imputation credits converted to losses	51	44
Closing Balance	4,723	5,276

The policyholder taxation losses are only available to be offset against future policyholder income.

7. SHARE CAPITAL

	2022 '000	2021 '000
Number of ordinary shares		
Opening balance	46,350	46,350
Total authorised and issued share capital	46,350	46,350
Dollar value of ordinary shares	$'000	$'000
Opening balance	46,350	46,350
Total authorised and issued share capital	46,350	46,350

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

A $8m dividend was declared and paid in 2022 (2021: $3.4m).

8. EQUITY – DPL INSURANCE LIMITED SOLVENCY CALCULATION

In terms of the Insurance (Prudential Supervision) Act 2010, DPL Insurance Limited must comply with the Solvency Standard for Life Insurance Business 2014 and the Solvency Standard for Non-life Business 2014. DPL Insurance Limited is required to hold minimum solvency capital of $5.0 million and have a solvency margin of at least $0.

	2022 $'000	2021 $'000
Actual solvency capital	36,738	41,382
Calculated minimum solvency capital	20,199	19,151
Solvency margin on calculated minimum solvency capital	16,539	22,231
Solvency ratio on calculated minimum solvency capital (times)	1.82	2.16
Overall minimum capital requirement	20,199	19,151
Solvency margin on overall minimum requirement	16,539	22,231
Solvency ratio on overall minimum requirement (times)	1.82	2.16
Non-life insurance		
Actual solvency capital	32,234	34,805
Calculated minimum solvency capital	17,759	16,315
Solvency margin on calculated minimum requirement	14,475	18,490
Solvency ratio	1.82	2.13
Life insurance		
Actual solvency capital	4,504	6,577
Calculated minimum solvency capital	2,440	2,836
Solvency margin on calculated minimum requirement	2,064	3,741
Solvency ratio	1.85	2.32

9. CAPITAL MANAGEMENT

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The allocation of capital between its specific business operations and activities is, to a large extent, driven by optimisation of the return on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

10. CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Bank	1,526	721

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 $'000	2021 $'000
Term deposits	61,940	59,211
Investment in unitised funds	8,259	8,254
	70,199	67,465

	2022 $'000	2021 $'000
Investments in unitised funds comprise:		
Cash/deposits	1,278	1,240
Fixed interest securities-New Zealand and overseas	1,391	1,366
New Zealand and international equities	3,539	3,688
New Zealand and international property securities	2,051	1,960
	8,259	8,254
Investments with external investment managers		
ANZ Investments	8,259	8,254
	8,259	8,254

Investments in unlisted units are denominated in NZD and represent the investments of the life investment contracts (Refer note 25).

12. TRADE RECEIVABLES

	2022 $'000	2021 $'000
Trade Receivables	2,722	2,892
Provision for impairment	(371)	(332)
	2,351	2,560

13. OTHER RECEIVABLES AND DEFERRED EXPENSES

	2022 $'000	2021 $'000
Deferred acquisition costs	2,081	2,404
Other receivables and prepayments	589	1,000
	2,670	3,404

14. REVERSE ANNUITY MORTGAGES

	2022 $'000	2021 $'000
Reverse Annuity Mortgages (unencumbered)	3,392	4,262
Provision for impairment	(150)	(110)
	3,242	4,152
Current	332	488
Non-current	2,910	3,664
	3,242	4,152
Movement in provision for impairment		
Opening Balance	110	80
Impairment charge / (release) through profit or loss	40	30
Closing Balance	150	110

15. INVESTMENT PROPERTIES

	2022 $'000	2021 $'000
Investment Properties	33,300	29,625
Movement in carrying amounts		
Opening balance	29,625	21,600
Additions	72	2,600
Disposals	-	-
Net change in fair value	3,603	5,425
Closing balance	33,300	29,625

The investment properties were valued on 31st March 2022 by Property Institute of New Zealand registered valuers, CVAS (NZ) and CVAS (CHC) (trading as Colliers International) and Telfer Young Wellington. The valuers are external independent registered professionals, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

15. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques used to derive level 3 fair value:

160 Roscommon Road
Fair values have been determined using the following methodologies:
i) Contract Capitalisation Approach
ii) Market Capitalisation Approach
iii) Discounted Cash Flow Approach

The current terms of the lease is 10 years, with two rights of renewal of 5 years each as at February 2018. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2022, the property was occupied by Turners Group NZ Limited.

9 John Seddon Drive
Fair values have been determined using the following methodologies:
i) Income Capitalisation Approach
ii) Discounted Cash Flow Approach

The current terms of the lease for 9 John Seddon Drive, Porirua is 12 years, with three rights of renewal of 6 years each as at November 2018. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2022, the property was occupied by Turners Group NZ Limited.

2 Walton Street / 1 Maunu Road
Fair values have been determined using the following methodologies:
i) Contract Capitalisation Approach
ii) Market Capitalisation Approach
iii) Discounted Cash Flow Approach

The current terms of the lease for 2 Walton Street / 1 Maunu Road, Whangarei is 12 years, with three rights of renewal of 6 years each as at July 2019. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2022, the property was occupied by Turners Group NZ Limited.

106 Francella Street
Fair values have been determined using the following methodologies:
i) Market Capitalisation Approach
ii) Discounted Cash Flow Approach

The current terms of the lease is 10 years, with two rights of renewal of 5 years each as at November 2020. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2022, the property was occupied by Turners Group NZ Limited.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

2022	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair
160 Roscommon Road	Contract Capitalisation Approach	Income capitalisation rate - 3.25%	The higher the capitalisation rate, the lower the fair value
	Market Capitalisation Approach	Market capitalisation rate - 3.50%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 5.38%; Terminal capitalisation rate - 3.75%; Internal rate of return (including capex) - 5.44%;	The higher the discount rate and the terminal capitalisation rate, the lower the fair value
9 John Seddon Drive	Income Capitalisation Approach	Income capitalisation rate - 5%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 6.75%; Terminal yield - 5.25%	The higher the discount rate and the terminal yield, the lower the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

2022	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair
2 Walton Street / 1 Maunu Road	Market Capitalisation Approach	Market capitalisation rate - 5.00%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 6.25%; Terminal capitalisation rate - 6.00%; Internal rate of return (including capex) - 6.22%;	The higher the discount rate and the terminal capitalisation rate, the lower the fair value
106 Francella Street	Market Capitalisation Approach	Market capitalisation rate - 6.25%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 6.75%; Terminal capitalisation rate - 7.00%; Internal rate of return (including capex) - 6.90%;	The higher the discount rate and the terminal capitalisation rate, the lower the fair value

No direct operating expenses, other than council rates, have been incurred on the investment property. There are no restrictions on the disposal or the remittance of proceeds on disposal.

	2022	2021
Rental income commitments:	$'000	$'000
Not later than 1 year	1,469	1,428
1-2 years	1,499	1,457
2-5 years	4,678	4,548
5+ years	5,469	6,510
	13,115	13,943

16. PROPERTY PLANT AND EQUIPMENT

2022	Computer Equipment	Motor Vehicles	Office Equipment and Leasehold Imp	Total
	$'000	$'000	$'000	$'000
At Cost	169	425	507	1,101
Accumulated Depreciation	(168)	(201)	(247)	(616)
Opening Carrying Amount	1	224	260	485
Additions	20	50	2	72
Disposals, transfers and translation difference	(6)	(4)	(23)	(33)
Depreciation	(4)	(85)	(81)	(170)
Closing Carrying Amount	11	185	158	354
At Cost	183	442	485	1,110
Accumulated Depreciation	(172)	(257)	(327)	(756)
Closing Carrying Amount	11	185	158	354

2021	Computer Equipment	Motor Vehicles	Office Equipment and Leasehold Imp	Total
	$'000	$'000	$'000	$'000
At Cost	235	546	501	1,282
Accumulated Depreciation	(229)	(237)	(184)	(650)
Opening Carrying Amount	6	309	317	632
Additions	-	75	24	99
Disposals, transfers and translation difference	-	(91)	-	(91)
Depreciation	(5)	(69)	(81)	(155)
Closing Carrying Amount	1	224	260	485
At Cost	169	425	507	1,101
Accumulated Depreciation	(168)	(201)	(247)	(616)
Closing Carrying Amount	1	224	260	485

17. RIGHT-OF-USE-ASSET

	2022 $'000	2021 $'000
Properties	956	1,146
Opening Balance	1,146	1,338
Depreciation	(190)	(192)
Closing Carrying Amount	956	1,146

18. INTANGIBLE ASSETS

	2022 $'000	2021 $'000
Brand		
Closing carrying amount	21,500	21,500
Goodwill		
Closing carrying amount	11,752	11,752
Software		
At Cost	1,403	1,710
Accumulated Amortisation	(1,106)	(1,242)
Opening Carrying Amount	297	468
Additions	250	106
Disposals and transfers	(7)	(25)
Amortisation	(264)	(252)
Closing Carrying Amount	276	297
At Cost	1,476	1,403
Accumulated Amortisation	(1,200)	(1,106)
Closing Carrying Amount	276	297
Corporate relationships		
At Cost	5,421	5,421
Accumulated Amortisation	(2,300)	(1,780)
Opening Carrying Amount	3,121	3,641
Additions	-	-
Amortisation	(521)	(520)
Closing Carrying Amount	(521)	(520)
At Cost	5,421	5,421
Accumulated Amortisation	(2,821)	(2,300)
Closing Carrying Amount	2,600	3,121
Total intangible assets carrying amount	36,128	36,670

Impairment testing for cash-generating unit (CGU) containing brands and goodwill

The Company is considered a single CGU. Goodwill primarily relates to growth expectations, expected future profitability and the substantial skill and expertise of the work force of the cash generating unit. Management have assessed that there is no foreseeable limit to the period of time over which the goodwill and brand is expected to generate net cash inflows for the CGU, and as such goodwill and brand have been assessed as having an indefinite useful life.

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long term growth rates stated below. The cashflows are free cashflows to equity (2021: free cashflows to the firm). The growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the which the CGU operates. The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

Key Assumptions:
Sales, price and operating cost assumptions where based on the Management's best estimate of the range of economic conditions the Company is likely to experience during the forecast period. The forecasts covers a period of a minimum of 5 years. Annual capital expenditure, the expected cash costs was based on historical experience and planned expenditure.

	Year 2	Year 3	Year 4	Year 5
2022 Forecasted growth rates (%)	(4.5)	5.8	14.7	24.8
2021 Forecasted growth rates (%)	(15.4)	3.5	1.2	1.9

	2022	**2021**
Long-term growth rate	2.25%	1.80%
Pre-tax discount rate	13.80%	14.10%

The long term growth rate is the weighted average growth rate used to extrapolate cash flows beyond the forecast period and is based on the current implied inflation rates and does not exceed the long-term average growth rate for the products, industries, or country or countries in which the CGU operates. The discount rate was established by taking into account the specific attributes and size of the CGU.

In assessing the impairment of the goodwill and brand value in the CGU, a sensitivity analysis for reasonably possible changes in key assumptions was performed. This included increasing and reducing the terminal growth rate by 0.25% (2021: 0.20% and 0.30% respectively) and increasing and decreasing the discount rate by 1.10% (2021: 1.00%).

The reasonably possible change in rate did not cause any impairment in the CGU.

19. PAYABLES

	2022 $'000	**2021 $'000**
Related party payable (Note 23)	4	36
Other payables and accruals	3,933	3,632
	3,937	3,668

20. DEFERRED TAXATION

The movement on the deferred tax account is as follows:	**2022 $'000**	**2021 $'000**
Opening balance liability	(6,667)	(7,181)
Charge to profit or loss	248	514
Transition Adjustment	-	-
Closing Balance liability	(6,419)	(6,667)

The charge to profit or loss is attributable to the following items:		
Insurance deductible reserves	(73)	111
Provisions and accruals	269	503
Prior year adjustment	52	(100)
	248	514

Deferred tax relates to the following:		
Deferred tax assets:		
Lease liability	319	367
Provisions and accruals	860	854
Total deferred tax asset	1,179	1,221
Deferred tax liabilities:		
Brand	6,020	6,020
Customer relationships	728	874
Right of use asset	268	321
Deferred expenses and accruals	583	673
	7,598	7,888
Net deferred tax liabilities	6,419	6,667

21. FINANCIAL INSTRUMENTS

a.) Credit risk

Credit risk is the risk that a counterparty will cause a financial loss for the Company by failing to meet its contractual obligations.

Financial instruments which potentially subject the Company to credit risk principally consist of cash and cash equivalents, reverse mortgages, other receivables and financial assets at fair value through profit or loss. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments which represent irrevocable unused portions of authorisations to extend loans. The Company's cash and cash equivalents are placed with high credit quality institutions.

The Company performs credit evaluations on all customers requiring advances for reverse mortgages. The Company requires collateral or other security to support the financial instruments with credit risk. The Company operates a lending policy with various levels of authority depending on the size of the loan. A lending and credit committee operates and overdue loans are assessed on a regular basis by this body.

Risk gradings categorise exposures according to the degree of risk of financial loss faced and focus management on the attendant risks. Risk grades are used to determine where impairment allowances may be required. The current risk grading framework consists of three grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. They are as follows:

- neither past due nor impaired - compliance with all terms, good security value, and no adverse events affecting the borrower.
- past due but not impaired – non-compliance with all terms and concerns over future events that may effect the borrower.
- past due and impaired - non-compliance with terms, evidence of impairment of security held and adverse event affecting the borrower.

The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for reverse mortgages are mortgages over residential property.

Maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position which is net of any provision for impairment.

With respect to credit risk on commitments, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The credit risk exposure below does not take into account the fair value of any collateral, in the event of counterparties failing to meet their contractual obligation.

For life investment linked contracts the investments credit risk is appropriate for each particular product and the risk is borne by the policy holder. There is no significant risk assumed by the Company.

a.) i.) Concentrations of credit risk

Concentrations of credit risk for reverse annuity mortgages exists if a number of counterparties are involved in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company manages, limits and controls concentrations of credit risk, in particular, to individual counterparties and geographic location. The Company lends only to owners of property.

Such risks are monitored on an ongoing basis and subject to an annual or more frequent review, when considered necessary.

Geographic concentrations of reverse mortgages

The following table breaks down the Company's main credit exposure for reverse annuity mortgages at their carrying amounts, as categorised by the geographic regions of our counterparties.

	2022 $'000	2021 $'000
Auckland	1,229	2,072
Waikato/Bay of Plenty	389	392
Wellington	-	-
Rest of North Island	1,450	1,319
Otago/Southland	324	300
Rest of South Island	-	179
	3,392	4,262

b.) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds at short notice to meet obligations from its financial liabilities.

The Company maintains sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Management actively manages the lending and borrowing portfolios to ensure the net exposure to liquidity risk is minimised. The exposure is reviewed on an ongoing basis from daily procedures to monthly reporting as part of the Company's liquidity management process. The management process includes:

- day to day funding, managed by monitoring future cash flows to ensure that requirements can be met

Monitoring and reporting take the form of cashflow measurement and projections, these include:

- day to day funding requirements;
- on a weekly basis, projecting the requirements for each of the next 4 weeks;
- on a monthly basis, projecting the requirements for each of the next 12 months

The weekly projections are reported to the Board. The Company also monitors the level of undrawn lending commitments.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2022 $'000	0-6 Months	6-12 Months	12-24 Months	24-60 Months	60+ Months	Total
Financial liabilities						
Advances from related parties	4	-	-	-	-	4
Other Payables	2,401	-	-	-	-	2,401
Lease Liability	135	135	278	882	-	1,430
	2,540	135	278	882	-	3,835

2021 $'000	0-6 Months	6-12 Months	12-24 Months	24-60 Months	60+ Months	Total
Financial liabilities						
Advances from related parties	36	-	-	-	-	36
Other Payables	2,856	-	-	-	-	2,856
Lease Liability	132	132	271	857	302	1,694
	3,024	132	271	857	302	4,586

c.) Market risk

Market risk is the risk of an event in the financial markets that results in a fluctuation in earnings or a fluctuation in value. Market risk arises from the mismatch between assets and liabilities. The Company is exposed to diverse financial instruments including interest rates, equities, and foreign currencies.

c.i.) Life insurance business

Life investment contracts

For the life insurance business, financial assets at fair value through profit or loss are held for investment linked policies where market risk is transferred to the policy holder. The Company earns fees on investment linked policies that are based on the amount of assets invested, it may receive lower fees should markets fall. Asset allocation for investment linked policies is decided by the Policy Holder. This risk is not considered significant.

Life insurance contracts

Interest rate risk also arises on risk contracts where negative policy liabilities are valued at current risk free interest rates. There would not be any significant impact on profit or loss for interest rate changes refer sensitivity analysis below.

c.ii.) Interest rate risk for financing activities

For the financing activities of the Company, the main market risk is interest rate risk.

Interest rate risk is the risk of loss to the Company arising from adverse changes in interest rates. The Company is exposed to the interest rate risk in respect of lending to customers. Interest rates are managed by assessing the demand for funds, for new lending, repayments and maintaining an adequate liquidity buffer. Rates are either fixed or variable over the term of the contract. The Company does not enter into any futures, swaps or option contracts. Changes to interest rates can impact on the Company's financial results by affecting the spread earned on the interest-earning assets and the cost of interest-bearing liabilities.

Interest rate risk is measured by management and the Board of Directors when establishing fixed and variable rates of interest. When approving interest rates for individual loan advances interest rate risk is either measured by management and/or Board of Directors in accordance with the approved lending policy. Exposure to interest rates is monitored by the Board of Directors on a monthly basis.

Reverse mortgages are carried at amortised cost. Interest rates on advances are fixed or variable throughout the life of the advances. Advances are secured over the assets to which they relate.

The following table summarises the sensitivity of the Company's finance assets and financial liabilities to interest rate risk. The analysis shows the annualised impact on profit before tax and equity of a +/- 1% movement in interest rates. The equity impact takes into account tax effect of the profit impacts.

2022 ($'000)	Carrying amount	-1% profit	-1% equity	+1% profit	+1% equity
Financial assets					
Cash and cash equivalents	1,526	(15)	(11)	15	11
Financial assets at fair value through profit or loss	70,199	(702)	(491)	702	491
Reverse mortgages	3,242	(32)	(23)	32	23
Total increase / (decrease)		(750)	(525)	750	525

2021 ($'000)	Carrying amount	-1% profit	-1% equity	+1% profit	+1% equity
Financial assets					
Cash and cash equivalents	721	(7)	(5)	7	5
Financial assets at fair value through profit or loss	67,465	(675)	(472)	675	472
Reverse mortgages	4,152	(42)	(29)	42	29
Total increase / (decrease)		(723)	(506)	723	506

d.) Fair value of financial assets and liabilities not carried at fair value

The fair value of reverse mortgages is determined using discounted cash flows, the discount rates used are the current market rates for similar products after making allowances for impairment.

The maximum exposure to credit risk is represented by the carrying amount of reverse annuity mortgages which is net of any provision for impairment. The reported credit risk exposure does not take into account the fair value of any collateral, in event of the counterparties failing to meet their contractual obligation. All reverse annuity mortgages are secured by residential property in New Zealand.

The table below summarises the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Company's statement of financial position at their fair value:

2022 $'000	Carrying Amount	Fair Value
Financial assets		
Reverse mortgages	3,242	3,885

2021 $'000	Carrying Amount	Fair Value
Financial assets		
Reverse mortgages	4,152	4,948

e.) Fair value financial assets

The fair value of financial assets carried at fair value are determined as follows:

- Level 1: The fair value is calculated using quoted prices in active markets.
- Level 2 : The fair value is estimated using inputs other than quoted prices in level 1 that are observable for the assets, either directly (as prices) or indirectly (derived from prices).
- Level 3: The fair value is estimated using inputs for the assets that are not based on observable market data.

The fair value of financial assets carried at fair value as well as the methods used to calculate fair value are summarised in the table below:

2022 **$'000**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at fair value through profit or loss - term investment	61,940	-	-	61,940
Financial assets at fair value through profit or loss - life investment	-	8,259	-	8,259
Investment Property	-	-	33,300	33,300
	61,940	8,259	33,300	103,499

2021 **$'000**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at fair value through profit or loss - term investment	59,211	-	-	59,211
Financial assets at fair value through profit or loss - life investment	-	8,254	-	8,254
Investment Property	-	-	29,625	29,625
	59,211	8,254	29,625	97,090

Financial assets at fair value through profit or loss - term investment
Term investments are recognised at fair value based on quoted bid market price.

Financial assets at fair value through profit or loss - life investment
The financial assets in this category back life investment contract liabilities and are investments in managed funds. The fair value of the investments in the managed funds are determined by reference to published exit prices, being the redemption price established by the based on market price quoted by the fund manager, ANZ Investments Limited (refer note 11).

Investment Property
The fair value of investment properties were determined by independent registered valuers using a number of methodologies (refer note 15).

This is a level 3 fair value measurement and the key unobservable assumption used in determining the consideration is detailed in Note 15.

The movement in this fair value hierarchy level 3 asset is disclosed in Note 15.

For all investment properties, an increase/decrease in the discount rate of 0.25%, decreases/increases the fair value by $0.1m to $0.3m.

During the year there were no movements of fair value assets or liabilities between the different levels of fair value hierarchy.

22. INSURANCE RISK MANAGEMENT

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company purchases reinsurance as part of its risk mitigation programme. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

23. RELATED PARTY BALANCES AND TRANSACTIONS

Related Party	Relationship
Turners Automotive Group Limited	Parent
Turners Group NZ Limited	Common controlled entity
Turners Property Holdings Limited	Common controlled entity
Turners Finance Limited	Common controlled entity
Turners Fleet Limited	Common controlled entity
Turners Staff Share Plan Trustees Limited	Common controlled entity
Buy Right Cars (2016) Limited	Common controlled entity
Carly NZ Limited	Common controlled entity
EC Credit Control (NZ) Limited	Common controlled entity
EC Credit Control (Aust) Pty Limited	Common controlled entity
Estate Management Services Limited	Common controlled entity
Payment Management Services Limited	Common controlled entity
Oxford Finance Limited	Common controlled entity

a) Related party balances

	2022 $'000	2021 $'000
Payable / (Receivable) as follows:		
Turners Automotive Group Limited	4	36
Balances within Trade Receivables and Other Receivables		
Oxford Finance Limited	(22)	(16)
Turners Group NZ Limited	(561)	(586)
Balances within Other Payables		
Turners Group NZ Limited	97	62
Oxford Finance Limited	330	270

All related party loans are repayable on demand and bear no interest. No related party debts have been forgiven or written off during the year.

b) Related Party Transactions

During the year, Turners Automotive Group Limited paid certain expenses on behalf of the Company. These have been recharged in their entirety.

Buy Right Cars (2016) Limited earned rebates of $0 (2021: $33,909) in relation to the sale of insurance policies.

Turners Group NZ Limited earned a distribution fee of $271,051 (2021: $156,907) in relation to the sale of insurance policies. During the year, Turners Group NZ Limited also paid certain expenses on behalf of the Company. These have been recharged in their entirety.

Oxford Finance Limited paid a claims handling fee of $209,563 (2021: $181,935) in relation to the processing of payment waiver claims.

Turners Group NZ Limited and Oxford Finance sold insurance policies and the related party balances reflect the amount due at year end on these sales.

The Company acquired no investment properties during the year from Turners Property Holdings Limited (2021: $2.6m).

The Company leased investment properties to Turners Group NZ Limited located at 160 Roscommon Road, Wiri, 9 John Seddon Drive, Porirua, 2-16 Walton Street, Whangarei and 106 Francella Street, Christchurch. The Company received rental income during the year totalling $1,396,746 (2021: $1,084,142).

c) Key management personnel compensation

The key management personnel are the Directors of the Company and the Group General Manager. Compensation of key management personnel for the years ended 31 March 2022 and 31 March 2021 was as follows;

	Short-term benefits $'000	Other long-term benefits $'000	Share-based payments $'000	Total $'000
Year ended 31 March 2022	410	8	24	442
Year ended 31 March 2021	401	11	25	437

24. LEASE LIABILITY

	2022 $'000	2021 $'000
Lease Liability	1,252	1,444
Current	209	191
Non-Current	1,043	1,253
	1,252	1,444

Lease liabilities have an incremental borrowing rate of 5.54% (2021: 5.54%) with a maturity of 5 years (2021: 6 years)

During the year the Company received a COVID-19 rent concession of $12,631 (2021: $21,367).

	2022	2021
Interest expense in profit or loss	72	82

25. INSURANCE RELATED DISCLOSURES

a.) Policyholder liabilities

	2022 $'000	2021 $'000
Insurance contract liabilities		
Opening insurance contract liabilities	53,101	51,420
Increase in insurance contract liabilities	1,897	1,434
Amortisation intangible asset - policies in force	-	-
Decrease / (Increase) in deferred acquisition costs	17	247
Closing insurance contract liabilities	55,015	53,101
Policyholder liabilities contain the following components:		
Future policy benefits	59,177	57,927
Future expenses	6,265	5,748
Future profit margins	5,997	5,066
Balance of future premiums	(21,760)	(21,537)
Re-insurance	5,338	5,916
Life deferred acquisition costs	(2)	(19)
	55,015	53,101
Life insurance contracts with a discretionary participation feature – the amount of the liabilities that relates to guarantees	199	218
Other contracts with a fixed or guaranteed termination value – current termination value	6,668	7,377
Life investment contracts at fair value through profit or loss		
Opening life investment contract liabilities at fair value through profit or loss	8,116	7,072
Increase in life investment contract liabilities recognised in profit or loss	98	1,405
Contributions	1,279	1,410
Withdrawals	(1,153)	(1,560)
Activity, plan and establishment fees	(187)	(211)
Closing life investment contract liabilities held by the life insurance business	8,153	8,116
Expected to be realised in more than 12 months	8,153	8,116

The benefits offered under the Company's unit-linked investment contracts are based on the returns of selected equities and debt securities. This investment mix is unique, and it cannot be associated to an individual benchmark index with a sufficiently high correlation.

All financial liabilities at fair value through profit and loss are designated by the Company to be in this measurement category.

The liabilities originated from unit-linked contracts are measured in reference to their respective underlying assets of these contracts. Changes in the credit risk of the underlying assets do not impact the measurement of the unit-linked liabilities. The maturity value of these financial liabilities is determined by the fair value of the linked assets, at maturity date.

b.) Policyholder liabilities

	2022 $'000	2021 $'000
Annuities	1,011	1,150
Endowment	198	201
Whole of life, provision for bonuses and future margins	4,433	4,800
Consumer credit protection & key person loan protection	5,501	5,866
Accidental death/redundancy	6	6
Term Life	54	77
General	39,314	37,193
Claims provision	4,500	3,827
Saving plans	8,153	8,116
Deferred acquisition costs - life	(2)	(19)
	63,168	61,217

The policy liabilities in respect of annuities, endowment, whole of life, term life and super life have been established in accordance with the policy conditions and maintained at a level equivalent to obligations due to policy holders as maturity or partial benefits.

The super life fund has been established by DPL Insurance Limited in accordance with the policy conditions and is maintained at a level equal to the obligations due to super life policyholders as maturity or partial benefits.

c.) i.) General outstanding claims provision

	2022 $'000	2021 $'000
Gross claims	118	118
IBNR provision	3,257	2,756
	3,375	2,874

c.) ii.) Reconciliation of movement in general outstanding claims provision

	2022 $'000	2021 $'000
Opening Balance	2,874	2,591
Movement	16,662	16,613
Payments	(16,161)	(16,330)
Outstanding Claims Liability	3,375	2,874

The outstanding claims liability includes, in addition to the central estimate of the present value of expected future payments, a risk margin that relates to the inherent uncertainty in the central estimate of the present value of the expected future payments.

Risk margins are determined on a basis that reflects the insurer's business. Regard is given to the robustness of the valuation models, the reliability and volume of available data, past experience of the insurer and the industry and the characteristics of the classes of business written.

d.) Liability adequacy test

The liability adequacy test is an assessment of whether the carrying amount of the unearned premium liability is adequate and is conducted at each reporting date. If current estimates of the expected future cash flows relating to future claims arising from the rights and obligations under current insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate, exceed the unearned premium liability then the unearned premium liability is deemed to be deficient.

No deficiency was identified in the 2021 and 2022 reporting periods.

e.i.) Disaggregated information

DPL Insurance Limited has one statutory life fund. The disaggregated income statement and balance sheet between the statutory and shareholder funds is as follows:

Statement of income for the year ended 31 March 2022	**Statutory**	**Shareholder**	**Total**
	$'000	**$'000**	**$'000**
Insurance contract premiums	6,532	31,617	38,149
Outward reinsurance premium	(565)	-	(565)
Recoveries	1,067	3	1,070
Other insurance revenue	311	1,222	1,533
Insurance revenue	7,345	32,842	40,187
Claims expense	(3,115)	(17,865)	(20,980)
Movement in policy liabilities	583	-	583
Commission expense	(477)	(1,681)	(2,158)
Other expenses	(714)	(7,613)	(8,327)
Underwriting (loss)/profit	3,622	5,683	9,305
Investment income	443	1,974	2,417
Fair value gain on revaluation of investment properties	-	3,603	3,603
Profit before taxation	4,065	11,260	15,325
Taxation	(1,138)	(2,124)	(3,262)
Profit after taxation	2,927	9,136	12,063

Statement of financial position as 31 March 2022	**Statutory**	**Shareholder**	**Total**
	$'000	**$'000**	**$'000**
Assets			
Investments backing insurance policy liabilities	28,710	85,888	114,598
Other assets	-	36,128	36,128
Total assets	28,710	122,016	150,726
Liabilities			
Life investment contract liabilities	8,153	-	8,153
Insurance contract liabilities	12,326	42,689	55,015
Deferred taxation	-	6,419	6,419
Other liabilities	727	4,965	5,692
Total liabilities	21,206	54,073	75,279
Solvency			
Actual Solvency capital	4,504	32,234	36,738
Minimum solvency capital	2,440	17,759	20,199
Solvency Margin	2,064	14,475	16,539

Statement of income for the year ended 31 March 2021	**Statutory**	**Shareholder**	**Total**
	$'000	**$'000**	**$'000**
Insurance contract premiums	6,555	30,343	36,898
Outward reinsurance premium	(570)	-	(570)
Recoveries	1,515	12	1,527
Other insurance revenue	352	1,664	2,016
Insurance revenue	7,852	32,019	39,871
Claims expense	(3,924)	(17,642)	(21,566)
Movement in policy liabilities	(143)	-	(143)
Commission expense	(592)	(1,664)	(2,256)
Other expenses	(1,195)	(7,931)	(9,126)
Underwriting (loss)/profit	1,998	4,782	6,780
Investment income	753	1,985	2,738
Fair value gain on revaluation of investment properties	-	5,425	5,425
Profit before taxation	2,751	12,192	14,943
Taxation	(770)	(1,889)	(2,659)
Profit after taxation	1,981	10,303	12,284

Statement of financial position as 31 March 2021	Statutory	Shareholder	Total
	$'000	$'000	$'000
Assets			
Investments backing insurance policy liabilities	28,571	80,987	109,558
Other assets	-	36,670	36,670
Total assets	28,571	117,657	146,228
Liabilities			
Life investment contract liabilities	8,116	-	8,116
Insurance contract liabilities	13,034	40,067	53,101
Deferred taxation	-	6,667	6,667
Other liabilities	844	6,115	6,959
Total liabilities	21,994	52,849	74,843
Solvency			
Actual Solvency capital	6,577	34,805	41,382
Minimum solvency capital	2,836	16,315	19,151
Solvency Margin	3,741	18,490	22,231

e.ii.) Disaggregated information

The business undertaken and policies accepted by DPL Insurance Limited are a combination of investment linked and non-investment linked. Investment linked business is business for which the life insurer issues a contract where the benefit amount is directly linked to the market value of the investments held in the particular investment linked fund. Non-investment linked business is insurance business other than investment linked business.

2022 ($'000)	Investment Linked	Non-Investment Linked	Total
Premium income	-	37,585	37,585
Investment income	-	6,019	6,019
Claims expense	-	(20,980)	(20,980)
Other operating revenue	222	2,480	2,702
Other operating expenses	-	(9,903)	(9,903)
Investment revenues allocated to policyholders	(98)	-	(98)
Net profit before taxation	124	15,201	15,325
Net profit after taxation	89	11,974	12,063
Policy liabilities	8,153	55,015	63,168
Investment assets	8,259	106,340	114,599
Other assets	-	36,128	36,128
Other liabilities	-	12,111	12,111
Retained earnings	1,417	27,679	29,097

2021 ($'000)	Investment Linked	Non-Investment Linked	Total
Premium income	-	36,328	36,328
Investment income	-	8,163	8,163
Claims expense	-	(21,566)	(21,566)
Other operating revenue	1,514	3,434	4,948
Other operating expenses	-	(11,525)	(11,525)
Investment revenues allocated to policyholders	(1,405)	-	(1,405)
Net profit before taxation	109	14,834	14,943
Net profit after taxation	79	12,205	12,284
Policy liabilities	8,116	53,101	61,217
Investment assets	8,254	101,304	109,558
Other assets	-	36,670	36,670
Other liabilities	-	13,627	13,627
Retained earnings	1,328	23,706	25,034

f.) Insurance risk

The insurance business of the Company involves a number of financial and non-financial risks. The financial risks are covered in Note 21. Key objectives in managing insurance risk are:

(i) To ensure sound business practices are in place for underwriting risks and claims management;
(ii) To achieve a target return on capital that is invested in order to take on insurance risk; and
(iii) To ensure solvency and capital requirements are met.

Life insurance

The life insurance business of the Company involves a number of non-financial risks concerned with the pricing, acceptance and management of the mortality, and longevity risks accepted from policyholders. These risks are controlled through the use of underwriting procedures and adequate premium rates and policy charges, all of which are approved by the Actuary. Tight controls are also maintained over claims management practices to ensure the correct and timely payment of insurance claims.

Terms and conditions of life insurance contracts

The nature of the terms of the insurance contracts written by the Company is such that certain external variables can be identified on which related cashflows for claim payments depend. The tables below provide an overview of the key variables upon which the amount of related cashflows are dependent.

Type of contract	Details of the contract workings	Nature of compensation for claims	Key variables affecting cash flows
Non-participating life insurance contracts with fixed and guaranteed terms	Benefits paid on death or maturity are fixed and guaranteed and not at the discretion of the issuer	Benefits, defined by the insurance contract, are determined by the contract and are not directly affected by the performance of underlying assets or the performance of the contracts as whole.	Mortality, lapses, expenses and market earnings on assets backing the liabilities.
Life insurance contracts with discretionary participating benefits (endowment and whole of life)	These policies include a clearly defined initial guaranteed sum assured which is payable on death. The guaranteed amount is a multiple of the amount that is increased throughout the duration of the policy by the addition of regular bonuses annually which, once added, are not removed. Regular bonuses are also added retrospectively.	Benefits arising from the discretionary participation feature are based on the performance of a specified pool of contracts or a specified type of contract.	Mortality, lapses, expenses and market earnings on assets backing the liabilities.
Life Annuity Contracts	These policies provide guaranteed regular payments to the life assured.	The amount of the payment is set at inception of the policy.	Longevity, expenses and market earnings on assets backing the liabilities.

Non-life insurance
The risk management activities include prudent underwriting, pricing, and management of risk, together with claims management, reserving and investment management. The objective of these disciplines is to enhance the financial performance of the insurance operations and to ensure sound business practices are in place for underwriting risks and claims management.

Claims
Variations in claim levels will affect reported profit and equity. The impact may be magnified if the variation leads to a change in actuarial assumptions which cannot be absorbed within the present value of planned margins for a group of related products.

Insurance risk may arise through the reassessment of the incidence of claims, the trend of future claims and the effect of unforeseen diseases or epidemics. Insurance risk is controlled by ensuring underwriting standards adequately identify potential risk, retaining the right to amend premiums on risk policies where appropriate. The experience of the Company's life insurance business is reviewed regularly.

Concentration of insurance risk
The Company aims to maintain a portfolio of policyholders with a broad spread of insurance risk types, ages, sexes, occupation classes and geographic locations. The Company uses reinsurance to limit the insurance risk exposure for any one individual.

Sensitivity analysis
The liabilities included in the reported results are calculated using certain assumptions about key variables as disclosed above. Sensitivity analysis is conducted to assess the impact of actual experience being different to that assumed in the calculation of liabilities. Movements in any variable will impact the profit and net assets of the Company. The tables below describe how a change in actual experience relative to that expected will effect next financial year's expected shareholder profit.

Variable	Impact of movement in underlying variable
Expense risk	An increase in the level or inflationary growth of expenses over assumed levels will decrease profit and shareholders equity
Interest rate risk	Depending on the profile of the investment portfolio, the investment income of the Company will decrease as interest rates decrease. This may be offset to an extent by changes in the market value of fixed interest investments. The impact on profit and shareholder equity depends on the relative profiles of assets and liabilities, to the extent that these are not matched
Mortality rates	For insurance contracts providing death benefits, greater mortality rates would lead to higher levels of claims, increasing associated claims cost and therefore reducing profit and shareholder equity
Discontinuance	The impact of discontinuance rate assumption depends on a range of factors including the type of contract, the surrender value basis (where applicable) and the duration in force. For example, an increase in discontinuance rates at earlier durations of life insurance contracts usually has a negative effect on profit and shareholder equity. However, due to the interplay between the factors, there is not always an adverse outcome from an increase in discontinuance rates
Market Risk	For benefits which are not contractually linked to the underlying assets, the Company is exposed to Market Risk

The table below illustrates how changes in key assumptions would impact the reported profit and liabilities of the Company

As at 31 March 2022 – Result of change in assumptions

$'000	Effect on Policy Liability	Effect on Future Profit Margins
Market risks		
Increase in interest rates of 1%	(294)	(300)
Decrease in interest rates of 1%	334	333
Insurance risks		
Increase in expenses of 10%	1	(57)
Decrease in expenses of 10%	(1)	57
Increase in mortality by 10%	(4)	(554)
Decrease in mortality by 10%	5	585
Worsening of discontinuance rate by 10%	-	(104)
Improvement in discontinuance rate by 10%	-	104

As at 31 March 2021 – Result of change in assumptions

$'000	Effect on Policy Liability	Effect on Future Profit Margins
Market risks		
Increase in interest rates of 1%	(239)	(20)
Decrease in interest rates of 1%	265	22
Insurance risks		
Increase in expenses of 10%	1	(13)
Decrease in expenses of 10%	(1)	13
Increase in mortality by 10%	(5)	(103)
Decrease in mortality by 10%	6	113
Worsening of discontinuance rate by 10%	-	32
Improvement in discontinuance rate by 10%	-	(36)

26. RECONCILIATION OF PROFIT AFTER TAXATION TO CASHFLOWS FROM OPERATING ACTIVITIES

	2022 $'000	2021 $'000
Profit after taxation	12,063	12,284
Add/(less) non-cash items:		
Non-cash movement in reverse mortgages	(292)	(397)
Net unrealised (gains)/losses on investments	(295)	(1,582)
Policyholder liabilities	1,824	2,875
Provision for impairment	(40)	(30)
Depreciation and Amortisation Expense	1,144	1,119
Fair value gain on investment property	(3,603)	(5,425)
Add/(less) movements in working capital items:		
Receivables	323	863
Other payables	(445)	(1,199)
Add/(less) Working Capital items treated as investing activities	(1)	(4)
Add Working Capital items treated as financing activities	21	21
Net cash outflow from operating activities	10,699	8,525

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's statement of cash flows as cash flows from financing activities.

	Lease Liabilities $'000	Retained Earnings $'000
Balance as at 31 March 2020	1,618	16,150
Changes from financing cash flows	(256)	(3,400)
Other changes		
Profit	-	12,284
Interest paid	(82)	-
Interest expense	82	-
Non-cash lease movements	82	-
Balance at 31 March 2021	1,444	25,034
Changes from financing cash flows	(263)	(8,000)
Other changes		
Profit	-	12,063
Interest paid	(71)	-
Interest expense	71	-
Non-cash lease movements	71	-
Balance at March 2022	1,252	29,097

27. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent Liabilities:

The Company has no contingent liabilities at reporting date (2021: Nil).

28. SUBSEQUENT EVENTS AFTER BALANCE DATE

2022
A $9m dividend was declared and paid subsequent to year end.

2021
No significant events have occurred after balance date.

29. FINANCIAL STRENGTH RATING

DPL Insurance Limited has been issued a Financial Strength Rating of B++ (Good) and an Issuer Credit Rating of bbb (Good), with the outlook assigned to both ratings as 'Stable' by A.M. Best. The rating was issued by A.M. Best on the 19 August 2021.

Davies Financial and Actuarial Limited

11th July 2022

To: The Directors
DPL Insurance Limited

From: Peter Davies
Appointed Actuary

Re: DPL Insurance Limited: Report as at 31st March 2022 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 DPL Insurance Limited as at 31st March 2022. "Actuarial information" includes the following:

   - policy liabilities;
   - solvency calculations in terms of the RBNZ Solvency Standards;
   - 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 policy liabilities, and other disclosures.

2. No limitations have been placed on my work.

Level 1, Building 1, 61 Constellation Drive, Mairangi Bay 0632 Telephone (09) 489-3551 e-mail: pdavies@actuary.co.nz
P.O. Box 35-258, Browns Bay, Auckland 0753 home page: www.actuary.co.nz

3. I am independent with respect to DPL Insurance Limited 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. DPL Insurance Limited exceeded the minimum capital requirement of the RBNZ solvency standards for Life and Non-Life Insurers respectively as at 31st March 2022.

   I have prepared a set of projections of the Company's Statutory and Shareholder Funds for the next four years, based on current valuation assumptions and on management business plans and projected expense levels. The Statutory Fund includes the Company's life insurance business, and the Shareholder Fund includes the Company's non-life insurance business. These projections indicate that both Funds, and the Company as a whole, are currently solvent, and expected to meet the RBNZ minimum solvency requirements at all times over this period.

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

Yours sincerely

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

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