

T&G INSURANCE LIMITED
ANNUAL REPORT
31 DECEMBER 2022

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**T&G INSURANCE LIMITED
DIRECTORY
31 DECEMBER 2022**

Board of Directors:

Douglas James Bygrave
Carol Anne Campbell
Dirk Helmut Kamutzky

Auditor:

Deloitte Limited
20 Customhouse Quay
Wellington Central, 6140

Banker:

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

Solicitor:

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

Registered Office:

Level 1, Building 1, Central Park
660 Great South Road, Ellerslie
Auckland, 1051
New Zealand

Postal Address:

Level 1, Building 1, Central Park
660 Great South Road, Ellerslie
Auckland, 1051
New Zealand

Shareholder:

T&G Global Limited

1,000 ordinary shares

**T&G INSURANCE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Results

The profit for the year ended 31 December 2022 after tax is \$359,000 (31 December 2021: \$459,000).

Dividends

No dividend was paid in respect of the year ended 31 December 2022 (31 December 2021: \$400,000).

Disclosures of Interests by Directors

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

General

Comparative balances are for the year ended 31 December 2021.

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

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

For and on behalf of the Board of Directors



Douglas Bygrave
Director
11/04/2023



Carol Campbell
Director
11/04/2023

**T&G INSURANCE LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors are pleased to present the financial statements of T&G Insurance Limited for the year ended 31 December 2022 on pages 4 to 16.

The Directors are responsible for the preparation and presentation of the Company's financial statements for the year ended 31 December 2022, in accordance with New Zealand law and generally accepted accounting practice.

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

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

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

This Annual Report is dated 11 April 2023 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors



Douglas Bygrave
Director



Carol Campbell
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	2022 \$'000	2021 \$'000
Premium income		5,641	5,118
Commission income		178	161
Outward reinsurance expense		(4,534)	(4,384)
Claims expense		(574)	(7)
Other operating expenses	2	(250)	(275)
Operating profit		461	613
Financing income		104	69
Financing expenses		(67)	(44)
Profit before income tax		498	638
Income tax expense	3	(139)	(179)
Profit for the period		359	459
Other comprehensive income		-	-
Total other comprehensive income		359	459

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	NOTES	Share capital \$'000	Retained earnings \$'000	Total \$'000
2022				
Balance at 1 January 2022		1,000	1,420	2,420
Profit for the period		-	359	359
Total comprehensive income for the period		-	359	359
Transactions with owners				
Dividends		-	-	-
Total transactions with owners		-	-	-
Balance at 31 December 2022		1,000	1,779	2,779
2021				
Balance at 1 January 2021		1,000	1,361	2,361
Profit for the period		-	459	459
Total comprehensive income for the period		-	459	459
Transactions with owners				
Dividends		-	(400)	(400)
Total transactions with owners		-	(400)	(400)
Balance at 31 December 2021		1,000	1,420	2,420

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 \$'000	2021 Reclassified \$'000
Current assets			
Cash and cash equivalents		1,361	130
Term deposits		2,111	1,800
Trade and other receivables	5	3,712	3,589
Deferred reinsurance premium		2,962	3,035
Total current assets		10,146	8,554
Non-current assets			
Term deposits		-	300
Total non-current assets		-	300
Total assets		10,146	8,854
Current liabilities			
Trade and other payables	11	2,985	2,810
Claims payable	11	559	-
Unearned premium		3,686	3,515
Unearned ceding commission		137	109
Total current liabilities		7,367	6,434
Total liabilities		7,367	6,434
Equity			
Share capital	4	1,000	1,000
Retained earnings		1,779	1,420
Total equity attributable to equity holders of the Parent		2,779	2,420
Total equity		2,779	2,420
Total liabilities and equity		10,146	8,854


Douglas Bygrave
 Director
 11 April 2023


Carol Campbell
 Director
 11 April 2023

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022	2021
		Reclassified
NOTES	\$'000	\$'000
Cash flows from operating activities		
<i>Cash was provided from:</i>		
Receipts from customers and commissions	5,903	4,825
Interest received	89	69
<i>Cash was disbursed to:</i>		
Payments to suppliers	(231)	(747)
Reinsurance premiums paid	(4,433)	(4,414)
Claims paid	(16)	(7)
Premium funding interest paid	(67)	(44)
Income taxes paid	(3)	(10)
Net cash inflow/(outflow) from operating activities	1,242	(328)
Cash flows from investing activities		
<i>Cash was disbursed to:</i>		
Purchase of investments	(11)	-
Net cash outflow from investing activities	(11)	-
Cash flows from financing activities		
<i>Cash was disbursed to:</i>		
Dividends to parent shareholders	-	(400)
Net cash outflow from financing activities	-	(400)
Net increase/(decrease) in cash and cash equivalents	1,231	(728)
Cash and cash equivalents at the beginning of the year	130	858
Cash and cash equivalents at the end of the period	1,361	130

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

STATEMENT OF CASH FLOWS (CONTINUED)

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

	NOTES	2022 \$'000	2021 \$'000
Profit for the period		359	459
Impact of changes in working capital items net of effects of non-cash items, and investing and financing activities:			
(Increase) in trade and other receivables		(123)	(510)
Decrease/(Increase) in deferred reinsurance premium		74	(18)
Increase/(Decrease) in creditors and provisions		597	(416)
Increase/(Decrease) in insurance contract liabilities		199	(12)
Increase in net taxation payable		136	169
		883	(787)
Net cash inflow/(outflow) from operating activities		1,242	(328)

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Reporting

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

Statutory Base

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

Basis of Preparation

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

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

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

The accounting policies set out below have been applied in preparing these financial statements for the year from 1 January 2022 to 31 December 2022.

Reclassification

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

Key Judgements and Estimates

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

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

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

Outstanding claim liabilities

Outstanding claim liabilities include all claims notified but not paid at balance date and claims incurred but not yet reported. The Directors apply judgements in determining the quantum of any claims outstanding at balance date. There are no outstanding claims mitigated by reinsurance recoverable at year end 31 December 2022.

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

(a) Goods and Services Tax

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

(b) Revenue Recognition

Premium revenue

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

Interest

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

Commission

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

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

(c) Outwards Reinsurance

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

(d) Claims Expense and Outstanding Claims

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

(e) Reinsurance and Other Recoveries Receivable

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

(f) Income Tax

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

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

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

(g) Financial Assets and Liabilities

Classification of financial assets and liabilities

Financial assets and financial liabilities classed as measured at amortised cost are carried at amortised cost less any impairment. Financial assets measured at amortised costs includes cash and cash equivalents, and other receivables.

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

Impairment of financial assets

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

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

(h) Trade and Other Payables

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

(i) Statement of Cash Flows

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

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

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

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

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

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

(k) Standards and Interpretations in Issue not yet effective

NZ IFRS 17 Insurance Contracts has not been adopted early. This standard provides consistent principles for all aspects of accounting for insurance contracts and becomes effective for annual periods commencing on or after 1 January 2023. The Company expects to apply the premium allocation approach and other than changes in disclosure the standard is not expected to have a material impact. The Company expects no material changes in the Statement of Financial Performance and Statement of Comprehensive Income.

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$'000	2021 \$'000
2. OTHER OPERATING EXPENSES		
Fee to auditor for the audit of financial statements	16	6
Fee to auditor for the assurance services regarding the annual solvency return	7	5
Professional fees	172	220
Management fees	22	43
General expenses	33	1
	<u>250</u>	<u>275</u>

3. TAXATION

(a) Income Tax Recognised in Profit

Income tax expense comprises:

Current tax expense	139	179
Total income tax expense recognised in profit or loss	<u>139</u>	<u>179</u>

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

Profit from operations	498	638
Income tax expense calculated at 28% (2021: 28%)	<u>139</u>	<u>179</u>

(b) Current Tax Payable

Balance at beginning of the year	-	-
Taxation expense	139	179
Income tax payable transfer to intercompany	(139)	(179)
Withholding tax	(3)	(10)
Withholding tax transfer to intercompany	3	10
Balance at end of the year	<u>-</u>	<u>-</u>

4. SHARE CAPITAL

1,000 ordinary shares (2021: 1,000 ordinary shares)	<u>1,000</u>	<u>1,000</u>
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All ordinary shares are fully paid, have equal voting rights and share equally in dividends and net assets on winding up.

5. OTHER RECEIVABLES

Premium receivable from T&G Global Limited	2,914	3,521
Prepayments	47	-
Term deposit interest receivables	31	-
Other receivables	720	68
	<u>3,712</u>	<u>3,589</u>

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. RELATED PARTY DISCLOSURES

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

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

	2022 \$'000	2021 \$'000
Insurance premium gross written value from companies within T&G Global Limited	5,614	5,114
Insurance claims paid/payable to companies within T&G Global Limited	574	7
Income tax payable transferred to T&G Global Limited	136	169
Receivable / (payable) to T&G Global Limited	2,609	3,334

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

7. CREDIT RATING

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

8. REINSURANCE

(a) Material Damage and Business Interruption Reinsurance Contracts

The material damage and business interruption reinsurance contracts were renewed as at 1 September 2022. The programme is arranged on a split basis where 87.5% of the placement has a Loss Limit of \$300 million except for Fire Losses which are limited to \$200 million. The remaining 12.5% of the reinsurance is on full declared values - \$1.226 million. This is a change from the prior year where 80% of the placement was on a Loss Limit of \$250 million for Natural Disaster losses and \$150 million for Non-Natural Disaster Losses and the balance 20% placement was on full declared value of \$1.098 million.

Natural and non-natural disaster losses

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

Contingent business interruption and live plants

A few reinsurers continue to exclude cover for Contingent Business Interruption, Strikes, Riots and Civil Commotion and Live Plants losses. The policy with the Company and T&G Global continues to provide full coverage, exposing it to losses. The Companies exposure for these coverage items is capped to \$250,000 for the policy period inclusive of the deductible exposure noted below under "Other coverages"

Other coverages

For a set of nominated contingencies e.g. Burglary, Machinery Breakdown and Live Plants, lower deductibles ranging from \$5,000 to \$25,000 are applicable between the Company and T&G Global Limited. For the same set of contingencies, a deductible of \$50,000 is applicable between the Company and the reinsurance market. The risk between the two deductibles falls on the Company however the exposure is capped in the annual aggregate to \$250,000. Once the aggregate of losses falling in this category reaches \$250,000, the deductible for T&G Global for the nominated contingencies become \$50,000, the same as the reinsurance deductible.

Underwriting line on Excess Layer

The Company takes 2% line within the reinsurance \$50 million excess of \$100 million layer. This creates an exposure for the Company of \$1,000,000.

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

(b) Parametric Crop Shortfall, Quality Index Reinsurance Contract / Hail Insurance

The Company did not renew its reinsurance contract of the Crop Shortfall, Quality Index policy that fell due on 17 September 2022. T&G Global were seeking a traditional Hail insurance solution and the Company provided cover through a standard New Zealand market style Hail insurance product. The limit offered is \$1,750,000 in the aggregate for the policy period and the risk is fully retained by the Company as no reinsurance has been purchased. The policy period is 01 June 2022 to 31 May 2023 and the sole peril covered is Hail.

9. INSURANCE CONTRACTS - RISK MANAGEMENT POLICIES AND PROCEDURES

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

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

Objectives in managing risks arising from insurance contracts and policies

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

Insurance Risk

Insurance exposures are managed by the Company through:

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

The Board of the Company has developed, implemented and maintained policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Company. These systems are reviewed by the Board annually.

Key aspects of the processes established to mitigate risks include:

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

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. FINANCIAL INSTRUMENTS

(a) Capital Management

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

Solvency Requirements under the Insurance (Prudential Supervision) Act 2010

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

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

	2022 \$'000	2021 \$'000
Actual solvency capital	2,779	2,420
Overall minimum per Standard	1,261	1,000
Solvency margin	1,518	1,420
Solvency coverage ratio	2.20	2.42

Actuary's financial condition report

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

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

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

(b) Financial Risk Management Objectives

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

Interest Rate Risk Management

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

Credit Risk Management

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

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

T&G INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk Management

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

	2022 \$'000	2021 \$'000
(c) Categories of Financial Instruments		
Financial Assets:		
Measured at amortised cost	7,137	5,819
Financial Liabilities:		
Measured at amortised cost	3,544	2,810

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

11. MATURITY PROFILE OF FINANCIAL LIABILITIES

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

	Less than six months \$'000	Between six months and one year \$'000	One to five years \$'000	Total \$'000
2022				
Trade and other payables	2,985	-	-	2,985
Claims payable	559	-	-	559
Total	3,544	-	-	3,544
2021				
Trade and other payables	2,810	-	-	2,810

12. EVENTS OCCURRING AFTER BALANCE DATE

On the 13th and 14th of February 2023, New Zealand suffered from a severe weather event in the form of Cyclone Gabrielle. This impacted the T&G Global's operations in the Hawke's Bay where the Group has offices, packhouses, coolstores, a distribution centre, and orchards. A claim is expected to be submitted from T&G Global Ltd under the Material Damage and Business interruption policy. The full claim is still to be determined but the maximum financial exposure for T&G Insurance is capped at \$750k, as anything claimed above this balance will be covered under the MDBI reinsurance policy.

Independent Auditor's Report

To the Shareholder of T&G Insurance Limited

Opinion	<p>We have audited the financial statements of T&G Insurance Limited (the 'Company'), which comprise the statement of financial position as at 31 December 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 a summary of significant accounting policies.</p> <p>In our opinion, the accompanying financial statements, on pages 4 to 16, present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the Company in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>In addition to the audit we have carried out an engagement on the Company's annual solvency return to the Reserve Bank of New Zealand, which is compatible with the independence requirements. Other than the audit and the other assurance engagement on the solvency return, we have no relationship or interests with the Company.</p>
Key audit matters	<p>Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.</p> <p>We have determined that there are no key audit matters to communicate in our report.</p>
Other information	<p>The directors are responsible on behalf of the Company for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.</p> <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
Directors' responsibilities for the financial statements	<p>The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>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.</p>

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

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

This description forms part of our auditor's report.

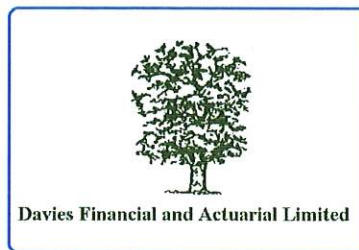
Restriction on use

This report is made solely to the Company's shareholder. Our audit has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholder, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Hamish Anton, Partner
for Deloitte Limited
Wellington, New Zealand

11 April 2023



17th March 2023

To: The Directors
T&G Insurance Limited

From: Peter Davies
Appointed Actuary

**Re: T&G Insurance Limited (“the Company”): Report as at
31st December 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 the Company as at 31st December 2022. “Actuarial information” includes the following:
 - claim provisions and unexpired risk / unearned premium provisions;
 - balance sheet and other information allowed for in the calculation of the company’s solvency position; and
 - disclosures regarding the methodology and assumptions used for calculating claim provisions, unexpired risk provisions, and other disclosures.
2. No limitations have been placed on my work.
3. I am independent with respect to the Company as defined under professional standard ISA (NZ) 620 of the External Reporting Board.
4. I have been provided with all information that I have requested in order to carry out this review.

5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.
6. The Company's position as at 31st December 2022 under the RBNZ Solvency Standard for Captive Insurers Transacting Non-life Insurance Business (2014) can be summarised as follows:

	31-Dec-22	31-Dec-21
Actual solvency capital:	2,779,364	2,421,490
Overall minimum per Standard:	1,261,075	1,000,000
Solvency margin	1,518,289	1,421,490
Solvency coverage ratio:	2.20	2.42

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

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

Yours sincerely



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